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# INTERNATIONAL Herald Tribune

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THE WEATHER — PARIS: Thursday, foggy, Temp. 5-12 (31-54).  
LONDON: Thursday, foggy, Temp. 5-12 (31-54).  
CHAMPEL: Thursday, foggy, Temp. 5-12 (31-54).  
FRANKFURT: Thursday, foggy, Temp. 5-12 (31-54).  
NEW YORK: Thursday, foggy, Temp. 5-12 (31-54).

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## Brezhnev Steps Up Pressure on China To End Hostility

**From Agency Dispatches**  
**MOSCOW** — President Leonid Brezhnev appealed to China Wednesday to end two decades of hostility between Moscow and Peking and said the Soviet Union was ready for concrete steps to improve relations.

"We have never considered normal the state of hostility and estrangement between our countries," Mr. Brezhnev said in the central Asian city of Tashkent, 300 miles (480 kilometers) from the Chinese border.

"We are prepared to come to terms, without any preliminary conditions, on measures accept-

## Deng Warns U.S. on Arms For Taiwan

**The Associated Press**  
**PEKING** — China is prepared to downgrade relations with the United States if their dispute over U.S. arms sales to Taiwan is not resolved, Deng Xiaoping was quoted Wednesday as saying. He called U.S. handling of the issue unacceptable.

It was the strongest statement from a Chinese leader on the weapons question, though the wording was similar to an unsigned official commentary released by Peking early this month.

Mr. Deng, the powerful deputy chairman of the Communist Party, said that if the problem cannot be settled, "then let the relations retrogress. So be it. But that's not so terrible. The Chinese nation will still exist, I think."

Mr. Deng made the comments Feb. 18 to Prince Norodom Sihanouk, the deposed ruler of Cambodia, according to a report Wednesday in the monthly magazine *Liaowang*, excerpts of which were published by the Chinese news agency.

**Timing Seen as Significant**  
Diplomatic observers said it was highly significant that Mr. Deng's statements would be released more than a month after they were made.

"We are well prepared for any eventuality that might occur," Mr. Deng was quoted as saying.

He told Prince Sihanouk that the U.S. handling of the Taiwan problem was "unacceptable. On this question, we have no room for maneuverability."

**Warning to Missions**  
The Reagan administration has pledged to continue selling defensive weapons to Taiwan under the Taiwan Relations Act, passed by Congress after relations with China were normalized.

In a clear warning to the United States, China on March 15 sent a formal diplomatic note to all U.S. missions warning against official or semi-official relations with Taiwan in the guise of "unofficial relations."

China and the United States have conducted talks on the arms sales question since January, when Washington said it would continue supplying Taipei with F-5 fighter planes. No progress has been reported, and China repeatedly has hinted that it would downgrade U.S. relations if the talks failed.

Mr. Deng also was quoted Wednesday as saying that he told Vice President Bush, a former envoy to China, that Americans are mistaken if they believe the Chinese need U.S. assistance and technology to modernize.

Chinese officials have said privately, however, that a downgrading of U.S. ties would cause far-reaching problems, and would set back the government's ambitious modernization plans.

## 2 Arabs Slain in West Bank Early Elections Urged by Begin

**By David K. Shipley**  
**New York Times Service**  
**JERUSALEM** — Two more Palestinians were shot to death on the West Bank Wednesday. One was killed after he stabbed and wounded an Israeli border policeman, the other by Jewish settlers whose car had been stoned. Another Arab youth was killed in fighting with soldiers in the Gaza Strip.

The clashes, which brought to six the number of Arabs killed during the last five days, occurred amid continued demonstrations on the West Bank and rising political uncertainties in Jerusalem.

Prime Minister Menachem Begin, who proposed resigning Tuesday night after a tie vote in parliament on a motion of no confidence, said Wednesday that while he had accepted his Cabinet's decision to remain in office, he favored early elections, preferably within a year. He mentioned November as a possible date.

Meanwhile, the army radio announced that Defense Minister Ariel Sharon, whose main office is in Tel Aviv, was opening a second office in East Jerusalem, the mostly Arab sector of the city captured in the 1967 war.

Mr. Begin announced his intention some time ago to move the prime minister's office from the western to the eastern part of the city.

(Continued on Page 2, Col. 4)



Gen. Efraim Rios Montt, center, announces the formation of a junta in Guatemala City. At left is Gen. Horacio Maldonado Shad and at right Col. Francisco Gordillo, the other junta leaders.

## New Junta in Guatemala Suspends Constitution, Bans Political Parties

**From Agency Dispatches**  
**GUATEMALA CITY** — Guatemala's new military junta, moving to consolidate its power Wednesday, suspended the constitution, dissolved Congress and banned political parties.

The three-member junta, led by retired Gen. Efraim Rios Montt, took power Tuesday in a coup, the first military takeover in Guatemala in 19 years. The political orientation of the junta was unclear.

On Wednesday, no disturbances were reported, and people returned to work in the capital and other cities. Only a few army patrols were seen in Guatemala City.

A six-man advisory council of military men, believed to represent the junior officers who led the coup, was named Wednesday. They include officers from the army and air force, ranking from colonel to second lieutenant.

**"Drop Your Weapons"**  
In an impassioned speech on television Tuesday night, Gen. Rios Montt gave a stern warning to rightist gunmen and leftist guerrillas, who have made this nation of 7.2 million a battleground. "Subversives, take note," he declared. "Only the army has the right to carry arms. You must drop your weapons, because if you don't, we are going to take them from you."

There were reports Tuesday afternoon of shooting at the military garrison in Quetzaltenango, 120 miles (192 kilometers) west of the capital, but Gen. Rios Montt said there was no resistance to the coup.

"The situation in the country is normal and tranquil," he said. "There is no state of siege. We promised elections but set no date."

Gen. Rios Montt said President Romeo Lucas Garcia had been flown out of the country. His destination was unknown. Nor was there any word from Gen. Lucas Garcia's elected successor, Gen. Angel Anibal Guevara, who had been scheduled to take office July 1. The U.S. Embassy in Guatemala said it had received word that Gen. Guevara was safe.

Gen. Guevara, a close associate of Gen. Lucas Garcia, was elected March 7. Opposition parties charged that the voting was rigged.

Gen. Rios Montt, who ran unsuccessfully for president eight years ago as the candidate of a coalition headed by the center-right Christian Democratic Party, told reporters at the presidential palace that he would rule by decree with two junta colleagues, Gen. Horacio Maldonado Shad and Col. Francisco Gordillo. The two held high posts during Gen. Lucas Garcia's four years in office.

**"Puppet" of Washington**  
In Mexico City, a spokesman for Guatemala's estimated 4,000 to 6,000 leftist guerrillas labeled Gen. Rios Montt "a puppet" of Washington.

The Reagan administration reacted cautiously to the coup, apparently uncertain about the political leanings of the junta. The State Department said that the administration is monitoring the situation.

Under the Carter administration, the United States cut off military aid to Guatemala in 1977, cit-

## General Seizes Power in Coup In Bangladesh

**The Associated Press**  
**CALCUTTA** — Bangladesh's army chief seized power Wednesday in an apparently bloodless coup, Bangladesh radio reported.

Lt. Gen. Hussain Mohammad Ershad imposed martial law and proclaimed himself head of the government, the official radio in Dacca said in broadcasts monitored here.

Gen. Ershad, in an afternoon address to the nation, said deposed President Abdus Sattar had failed to cleanse his administration of corruption when the army forced him and that as a result, Bangladesh was "facing a crisis on every front — economic, political, social and law and order."

"This government has completely failed," the 52-year-old career officer said. "The people expect the army to come to their aid."

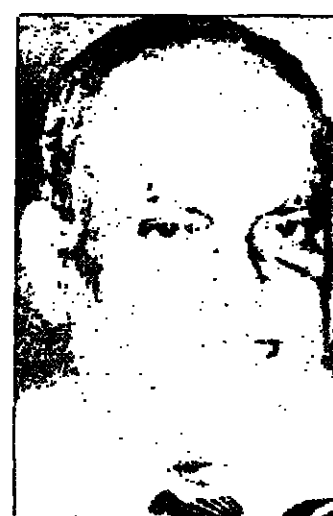
Mr. Sattar, 75 and in fragile health, spoke on the radio before Gen. Ershad, conceding: "The situation in Bangladesh has reached the state where in the interest of the Bangladesh people, military rule has become necessary."

Mr. Sattar's status was not clear. The United News of India quoted unidentified sources as saying he was under house arrest in the capital.

Communication links with the country were severed early in the morning and remained so hours later.

Bangladesh radio said that Dacca remained calm under a dusk-to-dawn curfew and that troops were in control of all key points. Government offices were reported closed.

Gen. Ershad, who suspended the constitution and dissolved Parliament, said elections would be held soon to pick a new president. He said a council would be formed to advise him and indicated that the



President Abdus Sattar

## Nicaragua, U.S. Said to Plan Talks

**By Alan Riding**  
**New York Times Service**  
**MANAGUA** — The United States and Nicaragua have agreed to resume direct negotiations on their numerous political differences, according to diplomatic sources here.

Foreign Minister Jorge Castañeda of Mexico, who paid a four-hour visit to Managua on Monday, brought an American suggestion for new negotiations, and Nicaragua immediately accepted it, the sources said Tuesday. They added that talks could begin as early as next week and might be held in Mexico City.

[In Mexico City, Mr. Castañeda said Wednesday that officials from the United States and Nicaragua probably would meet soon in the Mexican capital, Reuters reported.]

In the meantime, however, Ni-

caragua is preparing to denounce before the United Nations Security Council alleged U.S. plans to invade Nicaragua. Nicaraguan officials have charged that recent incidents along Nicaragua's northern border with Honduras are part of a strategy of provocation designed by Washington.

**Ready to Talk**  
The diplomatic sources said that Nicaragua had indicated its readiness to open talks with Washington this week but that the Reagan administration insisted on awaiting the results of elections for a constituent assembly in El Salvador Sunday.

In his remarks, Mr. Hinton also stressed that "President Reagan left no room for doubt as to the U.S. commitment to stand by El Salvador in its struggle against Marxist-Leninist subversion."

The Salvadoran Catholic hierarchy statement said that Mass at San Salvador's cathedral for Archbishop Oscar Arnulfo Romero, killed two years ago Wednesday, had been suspended to keep crowds off the streets at a time of tension.

**Local Services**  
Priests were asked to hold local services for the archbishop, whose death was blamed at the time on a rightist death squad.

The official election campaign for Sunday's election, in which 60 rightist and leftist parties are contesting 60 National Assembly seats, was to end at midnight Wednesday night.

The guerrillas have denounced the election and leftist parties are boycotting the vote.

On Wednesday, government forces battled guerrillas for more than two hours before apparently driving them from the slopes of

(Continued on Page 2, Col. 3)



This view from above the left side of the space shuttle cockpit shows small patterns of black, at center, where heat-shield tiles are missing. Their absence is not expected to affect the mission.

## Minor Problems Plague Astronauts

**The Associated Press**  
**CAPE CANAVERAL, Fla.** — The astronauts of the space shuttle Columbia, faced with nagging technical problems and still feeling queasy, spent Wednesday doing light work. Mission officials in Houston pared the day's work schedule and postponed a key test of the shuttle's robot arm.

Both Col. Jack R. Lousma and Col. C. Gordon Fullerton suffered from motion sickness Monday, the launch day, and flight director Tom Holloway said Wednesday that the two were "still not feeling as well as we'd like."

**Toilet Malfunction**  
The mission surgeon, Dr. Sam Poole, said later that the pilots were taking motion-sickness pills and were starting to feel better as they adjusted to weightlessness.

The shuttle is scheduled to circle the Earth 115 times before landing next Monday on a desert airstrip in New Mexico.

There were new, minor problems Wednesday: The toilet would not flush and there was indication of a nitrogen leak in the cabin pressure system.

Mr. Holloway said he was confident the shuttle's mission was not threatened by the problems.

The loss during launch of three dozen heat-shield tiles from the shuttle's nose and tail is not expected to endanger the craft when it re-enters the atmosphere Monday, mission officials said.

Some work was going better than expected. The astronauts were told Wednesday that scientists on Earth were "very excited about the excellent data" being sent from the Columbia.

David Griggs, whose title is capsule communicator, said one of the

successful tests involved firing a fast-pulsed electron gun mounted in the cargo bay to study the impact of electrical charges generated by the beam.

Before Col. Lousma and Col. Fullerton slept better Tuesday night, officials decided to delay a grab-and-lift test of the 50-foot (15-meter) arm in Columbia's cargo bay. Instead, Col. Fullerton subjected the arm to a series of thermal tests.

Col. Lousma said he and Col. Fullerton slept better Tuesday night than on their first night in orbit.

In adjusting the schedule, mission officials essentially switched the schedules for Wednesday and Thursday. As a result, jet thruster firings were to be held to a minimum Wednesday to allow extensive scientific testing. The original Wednesday agenda, in which Columbia would fly nose to the sun for thermal testing, was delayed by one day.

## China Finds Production Plans Imperiled by Success of Rural Reforms

**By Michael Parks**  
**Los Angeles Times Service**  
**PEKING** — The rural reforms that have brought considerable prosperity to much of the Chinese countryside over the past three years are now bringing unforeseen economic, social and political problems that may in turn imperil the new policies.

As Chinese peasants are encouraged to expand farm output by working more and more for themselves, they have increasingly ignored government production plans, sometimes not growing enough to feed nearby cities, sometimes growing more and forcing the state to buy the surplus at premium prices.

Now allowed to sell in revived and expanded free markets, the peasants take their best produce there, leaving government buyers with poorer quality meat, vegetables, fruit and handicraft items.

As a result, city people buy more directly from the peasants rather than from state stores, but they complain about the higher prices they must pay. This grumbling, increasingly widespread, tends to weaken public confidence in the government's policies.

Another worrying trend is the shift away from rice and wheat to higher-priced cash crops such as cotton, tobacco, soybeans, peanuts and sugar beets.

This shift, promoted for the past two years as part of an "agricultural readjustment" that would diversify the rural economy, has been ordered halted. China now is unable to grow enough grain to feed itself.

But Peking has trouble now enforcing that sort of decree. With 97 percent of the agricultural production teams deciding for themselves what to plant, and with officials forbidden to countermand those plans, the government must persuade the peasants of the wisdom of following state guidance.

"In arranging agricultural plans and state purchasing quotas for farm and sideline products, we must adhere to the principle of a planned economy while making market-force regulation subsidiary," a top Agriculture Ministry official said recently, emphasizing the government's determination to halt the drift away from a planned, state-run economy.

"Ideological work will guarantee im-

## INSIDE

### The EEC at 25

The partnership of 10 Western European democratic countries that makes up the Common Market will be 25 years old this week. While it has much to celebrate, it regrets some of its past and worries about its future. This mood hides many of the great accomplishments of the European Economic Community. Insights, Page 6.

### Tokyo Warning

A high Japanese official warned that potential protectionist measures by the United States and Western Europe against Japan could force Japan to step up its trade with Communist countries and begin exporting weapons around the globe. But he added that Japan was determined to open up its market. Page 15.



# Dream of Haiti's Mercenaries for Romance and Recognition Turned Sour

By Art Harris

Washington Post Service

MIAMI — He was a novice mercenary, sunburned and thirsty after three days at sea and one night in jail, his first mission gone bust 690 miles short of the beachhead. And now he was inside the Super Duper Sandwich Haven downtown, washing down the bile of misadventure with a cold beer.

"I was just out there at sea getting a tan," he said with a wink.

The beer drinker, an unemployed security guard freed on his own recognizance after being arrested last week as a would-be Haitian invader, was a bit player in an exile soap opera gone awry. He and 15 seafaring comrades are accused of plotting to take on the Haitian Army and topple dictator François (Baby Doc) Duvalier, a plot, it is true, that is part Woody Allen, part Clint Eastwood.

Such sagas are everyday affairs in Miami, America's Casablanca of mystery, murder and exile intrigue. Plots are forever hatching, fizzling and hatching again, amid many winks about CIA backing.

But the usual command post in a rundown stucco hacienda near the Miami baseball stadium, Roland Magloire, 46, a former Haitian ticket agent and nephew to a former Haitian

president, orchestrated the affair, according to the self-styled leader of the force, Benjamin Weissberg. The house is headquarters for Mr. Magloire's exile political group, the Council for the National Liberation of Haiti.

The plans called for the men aboard the chartered yacht *Sassoon* and *Wanderlust III* to be point men for a major assault. For the last eight months, Mr. Magloire has flown between Miami, New York and Chicago, pitching his plot to Haitian money men, raising \$75,000 to finance the mission. Meanwhile, Mr. Magloire's brother, Raoul, a New York real estate man, shuttled migrants in vans between Miami and Everglades training camps.

The initial invasion force was recruited through ads in *The Miami Herald* last month. "Small multinational corporation needs security help," read an ad on Feb. 27. "Short-term compensation plus bonus."

Applicants had to furnish military personnel records to prove combat specialties. Sixteen men were chosen from almost 300 responses.

Earlier thwarted coup attempts and this one, Miami Haitians say, are evidence of frustration over U.S. immigration policy toward 2,100 boat people still imprisoned in

detention camps here after eight months, and U.S. support for the dictator whose repressive policies led them to flee in the first place.

In this latest adventure, once the two cabin cruisers were beyond the three-mile limit, the semi-automatic weapons in the cache of 61 assault rifles, carbines, shotguns and handguns seized by the Coast Guard were to be converted to full automatic. On board, there were 17 CS gas grenades, 16,000 rounds of ammunition, copies of *Soldier of Fortune* and *Survival* magazines and enough frozen steaks, orange juice, chocolate chip cookies and Jack Daniels whiskey to last a week.

Once the invaders were ashore, a fifth column of 50 exiles who had infiltrated the country as seamen and students, and frustrated peasants returning home were to come to their aid, blowing up power plants, cutting communications lines. A secret password broadcast over the radio was to be the signal.

Then, the initial assault on an unidentified town one hour north of Port au Prince was to begin.

"We weren't going to storm the presidential palace," said one member, seeking to combat criticism that only a ship of fools

would attempt to invade Haiti. "We weren't that stupid."

According to the plan, sympathetic army commanders were to supply support if the commandos could hold the town for 48 hours. And, with Roland Magloire, would sashay into town, form a new junta and return democracy to Haiti. Only it did not end that way.

Mr. Magloire has been plotting for 20 years. After joining a 1963 scheme by army officers against Haitian President Jean-Claude (Papa Doc) Duvalier, he fled the country. Four years later, he put together a military invasion from the Bahamas, but was jailed by Nassau authorities before it got off the ground.

About 30 of his men proceeded anyway, landed three planes on the north end of Haiti and enjoyed the backing of the area commander, he says. But, according to Mr. Magloire, the leaders abandoned their men and fled. Mr. Magloire's younger brother, Maurice, was captured and executed.

"We are not comedians, we have people willing to die," said Mr. Magloire.

This time, Mr. Magloire personally chose his commander. He was Mr. Weissberg, 32, a

three-time Vietnam combat veteran and a former Army Special Forces captain with red hair and a matching mustache who said in an interview that since Vietnam, life had been boring. He said he was courted over hamburgers in a Little Haiti cafe.

"Where are the new frontiers? You can't get ahead today unless you're born into money. Even if you're an aerospace engineer, what can you do except plug computer tapes into NASA computers? This was a new frontier," he said. He wore an orange jumpsuit, his new uniform as a guest of the federal prison here while he shops for a lawyer to get his \$250,000 bond reduced.

In January, Mr. Weissberg moved into Mr. Magloire's headquarters, began recruiting his Dirty Dozen plus three, bought the guns, chartered the boats and on March 12, told his men, "Pack your racks and get ready to go." Asked if they were aware of the mission, he said, "If they weren't, they were fools."

"I don't have a death wish," he reflected from prison. "But we were willing to die to return Haiti to its people, stop Communists from taking over after Baby Doc and rid the taxpayers of supporting a despotic regime."

"I'd do it again tomorrow."

## Venezuela Pledges Re-evaluation Of Salvador Policy After Election

By Jackson Diehl

Washington Post Service

CARACAS — Venezuelan President Luis Herrera Campesino, who has been a strong backer of the Reagan administration on El Salvador, has criticized recent U.S. policy in Central America and said Washington "should make an effort to comprehend" Latin America's problems "in order to act in a realistic way."

Mr. Herrera also said that following elections scheduled for Sunday in El Salvador his Christian Democratic government would re-evaluate its policy there, no matter who the victor was. He did not rule out possible Venezuelan support for talks with El Salvador's leftist forces.

He spoke in the presidential palace here Tuesday, a day after releasing a letter he received from the leadership of the anti-government guerrillas in El Salvador. The letter, signed by the five military commanders of the Farabundo Martí Liberation Front, said Venezuela could make a "decisive contribution to a 'just political solution' in El Salvador and called on Mr. Herrera to help bring about the comprehensive negotiations the guerrillas have proposed.

Mr. Herrera, who read parts of the letter on Venezuelan television Monday night, answered the guerrilla leadership with a new endorsement of the Salvadoran elections, which the guerrillas and their political allies are boycotting on the ground that the elections would be unfair and fraudulent in the country's current climate of violence. But he said Tuesday, "I am awaiting the electoral results in order to establish our attitude toward the possibilities that exist"

for resolutions of the country's crisis.

The United States and the Salvadoran government, steadily have rejected suggestions of talks with the guerrillas, arguing that they should take their case to the Salvadoran people through the ballot box for the bargaining table.

Venezuela has provided more than \$100 million in economic aid to the Salvadoran government and Mr. Herrera called the elections "a democratic triumph against the threat of subversion." He expressed strong hopes that the party of his fellow Christian Democrats and personal friend, Salvadoran President José Napoleón Duarte, would win.

Although it has joined in U.S. support of Mr. Duarte and the Salvadoran elections, Venezuela long has differed with Washington on several key Central American issues, most importantly over the Sandinista government in Nicaragua.

Rhetorical Attacks

Venezuela, whose support of the Sandinistas was instrumental in their 1979 victory over dictator Anastasio Somoza, has continued to support and send them economic aid. Mr. Herrera reiterated that backing Tuesday, saying Venezuela would continue its ties to Nicaragua "while there is a possibility that they will realize their pluralistic projects."

Mr. Herrera also responded sharply to recent rhetorical attacks by the Reagan administration on Nicaragua and reported plans for CIA-backed, covert, paramilitary operations to interrupt supply lines to the Salvadoran guerrillas

by disrupting the Nicaraguan economy.

"The language of the threat," said Mr. Herrera, "is very far from being the answer to the situation in Central America and the Caribbean. We reject all armed intrusion in the area."

Mr. Herrera said the United States "has a great potential" to help Central America but added that "it does not have the same historical and economic roots as Central America and South America. The United States should make an effort to comprehend those factors in order to act in a realistic way."

Among events that have annoyed Venezuela were the recent NATO naval exercises in the Caribbean, about which Venezuela was not informed in advance. Venezuela protested the maneuvers in the Organization of American States, and Mr. Herrera said Monday that the NATO countries should be looking for "peace and not confrontation" in the Caribbean.

Although Mr. Herrera praised President Reagan's new Caribbean basin initiative as a "political opening," he argued that the plan did not include enough aid for Central American and Caribbean countries.

"This is very little for the United States to give," Mr. Herrera said. "This is what we give every year to nine countries in Central America and the Caribbean," he said, referring to the joint Mexican-Venezuelan program of oil-import subsidies for countries in the region.

"If Mexico and Venezuela can give 350 million [dollars] a year," he said, "the United States should be able to make a much bigger contribution."



Prime Minister Menachem Begin standing during the no-confidence debate in the Knesset that ended in a tie vote of 58-58.

## Israelis Slay 3 More Arabs; Begin Favors New Election

(Continued from Page 1)

city to dramatize Israeli sovereignty over all of Jerusalem, but he has not yet done so. Several government agencies, including the national police, are already in the eastern sector.

The prime minister's remarks on early elections were considered partly a tactic to keep his coalition in line, especially the two religious parties which oppose elections

now out of apprehension that they would do less well than they did in June.

Polls show that if elections were held now, his Likud bloc would increase its seats from the 60 it now holds in the 120-seat Knesset.

Furthermore, the prime minister was also understood to be calculating that if he resigned, his Cabinet would become a caretaker government, giving it a strong status under the law, not answerable to parliament. He could then could conduct policy at will on the West Bank.

In recent months, the government has been engaged in an intensive effort to curb the influence of the Palestine Liberation Organization.

As a step toward eliminating pro-PLO leaders, the Defense Ministry dissolved the elected town council of Al-Bireh last week and dismissed the mayor, Ibrahim Tawil, on the ground that they had refused to meet with the Israeli administration. Violent demonstrations ensued as Arabs blocked streets with burning tires, chanted nationalist slogans and stoned Israeli troops and vehicles.

After a day of relative calm Tuesday, new disorders flared Wednesday. A car carrying Jewish settlers from Qiryat Arba, near Hebron south of Jerusalem was blocked by a stone barricade in the Arab village of Bani Naim, according to an army spokesman. Stones were thrown, and the driver was hit in the head. The passengers opened fire and killed an 18-year-old Arab.

The other major incident occurred in Jenin, north of Jerusalem, when a patrol of border policemen tried to arrest a 21-year-old Arab for pressing shopkeepers to close their stores and join a general strike.

According to an army spokesman, the Arab stabbed a border policeman, who was not identified, once in the shoulder and once in the chest, and was then shot to death by a police officer.

In the Gaza Strip, an Arab in the town of Khan Yunis died in a hospital from wounds sustained in a clash with Israeli troops, military sources said.

Major West Bank institutions called on the population to continue the general strike, which began Friday until the end of the debate in the UN Security Council on the West Bank issue. This seemed to raise the likelihood of further disorders in the coming days.

3 Guerrillas Captured

TEL AVIV (UPI) — Israeli troops captured a three-man Palestinian guerrilla team in southern Lebanon Wednesday after they tried to infiltrate Israel.

A military announcement said the guerrillas, armed with Soviet rifles, were spotted in northern Israel and were pursued into southern Lebanon and captured.



A wounded Salvadoran soldier is evacuated during a battle with rebels Wednesday near the capital.

## Nicaragua and U.S. Are Said To Plan Direct Negotiations

(Continued from Page 1)

held two rounds of talks with Mr. Haig in New York. Last weekend, the Mexican official carried some U.S. ideas to both Cuba and Nicaragua.

The Salvadoran problem is expected to dominate Washington's talks with Nicaragua. Last Saturday, the Reagan administration reiterated its charge that Nicaragua is sending weapons to the Salvadoran rebels and that the insurgents are commanded and controlled from Managua.

The Nicaraguans strongly deny that they organize or condone clandestine arms shipments to El Salvador and have challenged the Reagan administration to prove its charges. But they concede that they feel political and moral solidarity with the Salvadoran rebels.

Knowledgeable leftists dismiss as exaggerated U.S. charges that the insurgency is directed by Cubans and Nicaraguans, although they concede that Salvadoran rebels do consult officials of both countries. But the leftists insist that the rebels frequently ignore the advice they receive.

"We'd like to see the guerrillas cool it this week in El Salvador," a

Nicaraguan official said. "We feel we have a knife at our throat and a pistol at our temple. But the Salvadorans have said that it's their revolution and they will do what they have to."

Just as Washington is convinced that Nicaragua is sustaining the Salvadoran guerrillas, Managua is convinced that the United States is trying to subvert Nicaragua. Officials in Managua charge that armed bands of Nicaraguan rightists are being supported by the U.S. CIA.

U.S. Proposals Welcomed

UNITED NATIONS, N.Y. (AP) — Nicaragua's junta coordinator, Daniel Ortega, arriving here Wednesday for a UN Security Council session, said his government is encouraged by recent U.S. proposals to ease tensions.

Mr. Ortega said he will not seek a resolution condemning the United States but wants to express Nicaragua's fears of a U.S. invasion. Mr. Haig this month proposed to stop training Nicaraguan dissidents on U.S. soil and renew aid to Managua if it guaranteed that it would not aid Salvadoran rebels.

(Continued from Page 1)

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## Money Is the Only Question Asked In Illicit International Arms Trade

By Philip Taubman

New York Times Service

WASHINGTON — Salvadoran guerrillas, denying Reagan administration charges that they receive most of their military equipment from Cuba and Nicaragua, often say that they buy supplies on the black market.

"We pay cash for weapons and ammunition in Europe, the Middle East and North America, just like everyone else," said Ruben Zamora, a rebel leader, in Mexico City recently. "The problem isn't buying the arms, it's getting them transported to El Salvador."

Last week, Costa Rican authorities seized an arms cache worth \$400,000, which they said could have been destined for Salvadoran rebels. The weapons included machine guns, mortars, Belgian-made FAL rifles, American-made M-16s, TNT and electronic detonators.

While it is impossible to gauge the extent of the guerrillas' reliance on the black market, there is little question that illegal sources could easily meet their needs. According to federal law enforcement officials, the illicit trade in arms is a multibillion-dollar-a-year business. All a prospective buyer needs is cash. No questions are asked about the intended destination or use of the weapons.

Centers for the Trade

Britain, the United States, South Korea and Mexico are among the centers for the trade. In Mexico City, dealers and purchasers told of an Israeli arms dealer who conducts business in a small office far from the National Archaeological Museum. They said he specializes in small arms and ammunition: high-powered rifles, grenades and Israeli-made Uzi machine guns, one of the world's most popular weapons. Mexican authorities said it was not clear what relationship, if any, existed between the dealer and the Israeli government.

In Britain, a number of legitimate arms dealers stockpile huge inventories of weapons. Among them is Interarms Corp., probably the largest private arms seller in the world. Foreign governments looking to equip a small army can find much of what they need at Interarms, according to several arms purchasers who have shopped there. So can illegitimate buyers. It is relatively easy for them to obtain fraudulent documentation listing them as representatives of a legitimate government.

There is an even more sophisticated black market for bigger military equipment. According to U.S. authorities, South Korea has become a center for manufacturing American-designed equipment. One Korean company, former employees said, is building for Libya jeeps that Washington refused to approve for export to Libya.

Israel, which maintains an aggressive arms sales policy, also manufactures American-style weapons for export. The purchasers are generally foreign gov-

ernments but, as with the Uzis, the weapons sometimes wind up in other hands.

In the United States, New York City and Miami are the black market capitals. Among arms dealers, New York is regarded as a place to make deals, although the weapons themselves are stockpiled elsewhere. Miami has developed into a major black market center, federal officials say, because of its proximity to Central America and because millions of dollars in drug money, often used to buy arms, flow into Miami.

Nicaraguan officials said that many of the weapons they used to overthrow President Anastasio Somoza in 1979 were purchased in Miami and shipped to Nicaragua through Panama and Costa Rica.

It is often difficult to determine where a legitimate deal ends and an illegal one begins. It is perfectly legal in the United States and most other nations to sell weapons. The only federal restrictions involve shipment and the weapons' intended use. The State Department must approve foreign sales and maintains a list of acceptable clients. The Customs Service monitors the shipments.

But according to federal officials, the system frequently breaks down. The Customs Service lacks the manpower to open every piece of cargo leaving the country and the State Department approval system is based on trust. There is little anyone can do, federal officials acknowledge, if a buyer misrepresents a shipment's final destination or simply labels arms exports as something else.

The international demand for arms has led to the development of underground transportation net-

works. Mexican authorities and U.S. intelligence officials said they knew of several networks for getting arms to Central America. They said one is run by the Palestine Liberation Organization.

Illegal arms purchasers pay a premium for equipment and transportation. It is not uncommon for sellers to charge up to a 400-percent markup, several dealers said.

## Bangladesh Military Coup

(Continued from Page 1)

ple and general elections will be held as soon as possible."

Gen. Ershad said his country's foreign policy would be unchanged and that all treaties and agreements signed by the previous government would be honored.

Bangladesh has had a series of military coups since it won independence from Pakistan in late 1971.

The independence leader, Sheikh Mujibur Rahman, was assassinated in January, 1975, by rightist army officers. A quick succession of coups brought Gen. Ziaur Rahman to power in 1977. He ruled until last May when he was assassinated in a failed army coup.

Mr. Sattar, then vice president, was taken from a hospital bed and thrust into the government's top spot. He won an overwhelming victory in the Nov. 15 presidential election but faced immediate problems with Bangladesh's weak economy, which was suffering from a drop in foreign aid.

## WORLD NEWS BRIEFS

### Former Solidarity Member Sentenced

From Agency Dispatches

WARSAW — A military tribunal has sentenced a former Solidarity union member to 6½ years in prison on charges of organizing strikes and distributing leaflets "containing false information which could have caused public unrest or disturbances," the Polish Army newspaper reported Wednesday.

The verdict against Franciszek Mazur for union activity in Mielec, southeast Poland, was announced in the supreme military prosecutor's weekly communiqué.

The Solidarity union was suspended and all union activity halted under the martial law decree imposed by Gen. Wojciech Jaruzelski, the Polish leader, on Dec. 13 to end 16 months of strikes and challenges to Communist Party authority.

### Beirut Force to Protect Diplomats

United Press International

BEIRUT — The Cabinet Wednesday approved the establishment of a special 500-man force to protect diplomats after several countries withdrew from Lebanon because of threats to envoys.

The national news agency reported that a section of the internal security forces would be assigned to embassies until the new force could be set up.

An Iraqi diplomat was murdered Monday, a little more than three months after the Iraqi Embassy was blown up, killing the ambassador and 60 others. During the last few weeks, Kuwait, Jordan and Bahrain recalled their diplomats after being threatened.

### Reagan Won't Speak in Westminster

Reuters

LONDON — President Reagan will address both houses of Parliament in the Royal Gallery of the House of Lords, rather than Westminster Hall, when he visits Britain in June, the office of Prime Minister Margaret Thatcher announced Wednesday.

The decision follows strong opposition to suggestions that Mr. Reagan be given the rare honor of addressing Parliament in historic Westminster Hall.

A government spokesman said that it had never been agreed formally that Mr. Reagan would speak in the 900-year-old hall. Officials said the government had consulted opposition parties and the general view was that Mr. Reagan should speak June 8 in the Royal Gallery.

A U.S. announcement earlier this month that Mr. Reagan would address Parliament in Westminster Hall provoked angry denunciations from opposition politicians, who said they had not been consulted.

### Dutch Vote in Provincial Elections

Reuters

THE HAGUE — The Dutch voted Wednesday in provincial elections, the results of which were expected to underline dissatisfaction with the national government's inability to agree on an economic policy.

The three-party coalition government has been split for months over spending cuts and at least one member party, Labor, is likely to lose heavily in the elections, according to opinion polls.

The 11 regional administrations choose the members of the upper house of parliament, which has the final say on legislation passed by the lower house. Changes in popularity in Wednesday's vote may also influence the attitudes of the parties in the national coalition, political analysts said.

### Steel Strike Ends in Belgian Region

United Press International

BRUSSELS — Steelworkers in the Charleroi area voted Wednesday to end their four-week-old strike and to resume work in the five steel mills of the region Thursday morning.

Workers of the Cockerill-Sambre steel combine, which groups mills in the southern Liège and Charleroi belt, had launched the strike to demand immediate state aid to save their money-losing industry.

The result of the vote caused an apparent split between Charleroi workers and their colleagues in Liège, who had voted Monday to continue the strike, rejecting a management appeal for a social truce until the end of May to enable the company to launch a survival operation with the help of the government money.





The NATO Nuclear Planning Group meeting in Colorado Springs included, from left, W. Tapley Bennett, the U.S. ambassador to NATO; Joseph Luns, secretary-general of NATO;

David Nichols, assistant secretary-general for defense, planning and policy; Alfred Vreven, Belgian defense minister; and Michel Van Ussel, Belgian ambassador to the Atlantic alliance.

## NATO Ministers Reject Soviet Missile Freeze

By David Wood

**COLORADO SPRINGS, Colo.** — NATO defense ministers have rejected a Soviet freeze on the deployment of additional intermediate-range nuclear missiles in Europe, and instead reaffirmed NATO's 1979 decision to modernize its stockpile of nuclear weapons, U.S. officials said.

At the same time, the officials said, the defense ministers urged the United States on Tuesday to begin talks with the Soviet Union on the limitation of strategic, or long-range, missiles as soon as feasible.

Neither decision came as a surprise. The Western alliance gov-

ernments represented in Colorado had previously condemned the Soviet freeze as a propaganda ploy. Similarly, North Atlantic Treaty Organization member countries have long urged the United States to open strategic arms limitation talks.

The ministers were ending their meeting Wednesday and were to issue a communiqué late in the day.

The American officials, who asked not to be identified, said the Reagan administration would put the finishing touches on its strategic arms talks position within a few weeks. Precisely when the administration would be ready to begin talks, they said, would depend

on Soviet behavior in Poland and elsewhere.

Defense Secretary Caspar W. Weinberger has said that strategic arms talks might begin as early as this summer.

The Soviet freeze on deployment of its medium-range SS-20 missiles in the European region of the Soviet Union was announced March 16 by Soviet President Leonid I. Brezhnev. The freeze, he said, would last as long as NATO refrained from taking "practical preparations" to install 572 medium-range missiles in Europe.

U.S. officials said Tuesday that preparations to deploy 108 Pershing-2 missiles in West Germany in December, 1983, and 464 Cruise

missiles in Britain, the Netherlands, Belgium, Italy and West Germany would continue on schedule.

During the two-day classified sessions of NATO's Nuclear Planning Group, held twice a year, the Soviet freeze was rejected on the grounds that it would "legitimize the current Soviet superiority" in European-based medium-range missiles.

Even while the Soviet Union has proclaimed the freeze, officials said, Moscow is continuing to build up its stockpile of SS-20 missiles in the Asian region of the Soviet Union, west of the Ural mountain range. The officials said that those missiles could easily hit NATO targets in Western Europe.

## Senate Panel Votes to Halt Reagan Missile Plan

By George C. Wilson

**WASHINGTON** — In the first hard slap at President Reagan's strategic-weapons program, a powerful Senate subcommittee has voted unanimously to stop the MX missile in its tracks.

Not until President Reagan decides where he wants to put the new land-based missile, the Armed Services Committee decided, should any more money be advanced to build MXs or prepare existing Minuteman silos to house them temporarily.

The subcommittee action, if sustained by Congress, as is thought likely, would save about \$2.2 billion. Mr. Reagan had earmarked \$1.5 billion to manufacture the first nine missiles and \$715 million in research funds to restructure Minuteman silos.

Armed Services Committee chairman John G. Tower, Republican of Texas, who did not attend Tuesday's closed session, favors the subcommittee decision, sources said.

His support virtually guarantees that the fiscal 1983 Pentagon authorization bill the committee expects to send to the floor before the Easter recess will recommend that Congress force the president to chart a new course for the missile.

Subcommittee chairman John W. Warner, Republican of Virginia, said Tuesday night that the action was "a bipartisan effort to redirect and strengthen the president's strategic program." He said Pentagon testimony about putting MX missiles in Minuteman holes just did not add up, "so we took the bit in our teeth" to delay production.

The idea is to deploy the missile in 1989, when the Air Force expects to have a permanent basing scheme, instead of putting it in Minuteman holes beginning in 1986.

Tuesday night's action represents the biggest single rejection by any congressional panel of Mr. Reagan's plan for closing the "window of vulnerability" he deplored during the 1980 election campaign. That "window" refers to the Pentagon assertion that existing U.S. land missiles, which stand still in silos underground, are vulnerable to highly accurate Soviet nuclear warheads.

Mr. Reagan ridiculed President Jimmy Carter's plan to rotate 200 MX missiles among 4,600 cement garages in Nevada and Utah so that they would be hard to hit.

On Oct. 2 Mr. Reagan announced that he would put the

first MX missiles in fortified Titan silos and promised to look at permanent basing possibilities, including putting the MX aboard giant aircraft and inside mountains. The Titan idea has since been abandoned in favor of Minuteman silos.

Sen. Tower and other critics have said Mr. Reagan's MX plan would not close the "window of vulnerability" because any missile standing still would be relatively easy to destroy. Disappointed Air Force leaders called the Reagan MX package "a decision not to decide."

Defense Secretary Caspar W. Weinberger has refused to alter Mr. Reagan's temporary basing scheme, telling congressional committees that the alternative to putting the missiles in Minuteman silos is to let them pile up in warehouses.

## Reagan Accepts Civic Award in N.Y. As 10,000 Rally to Protest Policies

By George Skelton

**NEW YORK** — President Reagan encountered the biggest protest demonstration since taking office as an estimated 10,000 people chanted in opposition to his policies outside a hotel where he had gone to accept a leadership award.

The demonstration, which was noisy but peaceful, lasted about four hours. It had nearly ended by the time Mr. Reagan spoke.

Mr. Reagan made his only public reference to the protesters when he departed from his text to ask whether the national debate over his policies could not "be carried on with decency and understanding, without a tone of hatred."

Mr. Reagan acknowledged, in a speech before the National Conference of Christians and Jews, that it hurts him to hear accusations that he lacks compassion for the needy.

Comparison to Roosevelt

He compared himself with Franklin D. Roosevelt, saying that both were criticized for trying to destroy what they actually were trying to preserve — in Roosevelt's case, the free enterprise system; in Mr. Reagan's, a "humane, free government."

But the president said that "there is more to brotherhood than government-administered charity."

"Government can't properly substitute for the helping hand of neighbor-to-neighbor," he added. "And in trying to do so, government has, to a great extent, brought on the economic stress that mixes us down in recession."

At the site of the awards banquet, the New York Hilton Hotel in mid-Manhattan, hundreds of police manned wooden barricades in a street scene reminiscent of the war protests of the late 1960s and early 1970s.

Wide-Ranging Protest

The demonstrators were objecting to a wide range of Mr. Reagan's domestic and foreign policies, plus his receipt of the award. They shouted slogans including "Reagan says cut back, we say fight back" and carried signs such as "Stop Reagan's war on the poor and in El Salvador."

"How can anyone be so insensitive as to offer this president a humanitarian award?" asked one protester.

Anti-Reagan demonstrations have been increasing lately, beginning in earnest at a presidential speech outside Minneapolis early last month. But this one was by far the largest. Police estimated the crowd at more than 10,000.

The demonstration was organized by a coalition of labor, religious, educational and Socialist groups.

There had been heated controversy among staff members of the National Conference of Christians and Jews about whether Mr. Reagan should receive the award.

Many believed it would seem to align the organization with the president's economic and social policies.

Mr. Reagan was awarded the Charles Evans Hughes award medal "for courageous leadership in governmental, civic and humanitarian affairs" — the first incumbent president to receive the honor.

In his acceptance speech, Mr. Reagan noted the "acrimonious debate" over his policies and recalled that Roosevelt, also was roundly criticized.

"I'm accused by some of trying to destroy government's commitment to compassion — and to the needy," Mr. Reagan added. "Like FDR, may I say I am not trying to destroy what is best in our system of humane, free government. I am doing everything I can to save it — to slow down the

destructive rate of growth in taxes and spending, to prune nonessential programs so that enough resources will be left to meet the requirements of the truly needy."

Mr. Reagan said that out of the economic distress afflicting the nation "can come opportunity — the opportunity to remember our heritage of brotherhood, our responsibility to care for each other, not through impersonal government programs alone, but through the giving of ourselves with love and compassion."

He said he was keenly aware of the high financial cost of his military program, and promised to "seek true savings and efficiencies" in the Pentagon. But he insisted that his military program could not "be arbitrarily reduced and still guarantee our national security."

## Senate Votes to Expand Veto on Agency Rules

By William Chapman

**WASHINGTON** — The Senate on Tuesday swept aside the objections of the Reagan administration and voted to give Congress a veto over most of the rules proposed by government agencies.

The provision was approved by a 69-25 vote. Critics questioned the constitutionality of a congressional veto and warned that it would unleash a new wave of lobbying by business and other organizations opposed to particular regulations.

It is advocates said it was necessary to rein in independent agencies that pass sweeping regulations never intended by Congress.

"We've got to put restraints on the unbridled use of executive power," said Republican Sen. Harrison H. Schmitt of New Mexico, a principal sponsor. "We've got to be sure they don't overwhelm the legislative branch."

The veto provision was contained in an amendment to a major regulatory reform bill. The bill was approved Wednesday by a 94-0 vote. A corresponding House bill also provides for a legislative veto.

Arsonist in Las Vegas Receives 8 Life Terms

**LAS VEGAS** — A former Las Vegas Hilton busboy has been sentenced to eight life terms in prison without possibility of parole for setting a fire that killed eight persons at the hotel last year.

Philip Bruce Cline, 24, was convicted in January on eight counts of murder and one count of arson in the fire Feb. 10, last year, which also injured more than 400 people and caused about \$14 million in property damage.

## Regan Admits Deficit Target Hard to Reach

He Says Reagan Plans No Changes in Budget

United Press International

**WASHINGTON** — Treasury Secretary Donald T. Regan conceded Wednesday that the deficit projection in President Reagan's 1983 budget is probably too low and said it will be "a real challenge" just to keep the deficit around \$90 billion.

But Mr. Regan told the House Budget Committee he believes a budget with a deficit of that amount would be favorably received by the financial community and would lead to lower interest rates.

Temper flared during the hearing when Democratic Rep. Jim Mattox of Texas accused Mr. Regan and the administration of failing to keep campaign promises to balance the budget.

"You promised a balanced budget and you're wenching," Rep. Mattox told Mr. Regan. "We are not wenching on it," Mr. Regan retorted. "We have not wenching on our promises to the American people."

The exchange occurred as the full House prepared to vote on an emergency funding bill to keep seven federal departments operating beyond next Wednesday, when their current funding expires.

The funding measure would keep the departments of Labor, Education, Health and Human Services, Treasury, State, Commerce and Justice operating through Sept. 30, or until their regular appropriations bills were approved.

Mr. Regan blamed the current recession for the large deficits projected in the administration's 1983 budget proposal — \$96.4 billion, compared to the 1981 deficit of about \$38 billion.

And he said President Reagan will not alter his economic policies. Asked how difficult it will be to not exceed a \$90-billion deficit, the Treasury secretary replied: "It's a real challenge. I would be hopeful you could contain them [deficits] in double digits."

There have been increasing calls for a meeting between the president and high-ranking House Democrats to resolve the budget stalemate. But White House spokesman Larry Speakes said Wednesday that no such meeting had been scheduled. He indicated that budget talks would continue at lower levels.

Mr. Regan also said Wednesday that the administration probably would seek a change in — but not an abolition of — a controversial tax law that permits some profitable companies to reduce their taxes by purchasing tax breaks from less profitable firms.

## Syria Claims Moslem Brotherhood 'Decapitated' After Hama Uprising

By Henry Tanner

**DAMASCUS** — Hama, the ancient Islamic town in central Syria where government forces and insurgents fought for three weeks last month, is more or less quiet, in the words of a high government official.

The old part, with its centuries-old Islamic landmarks, was almost totally destroyed in the fighting and bulldozers are razing the remnants of buildings, a European diplomat who drove through the city this month reported. Officially, Hama remains closed to foreigners and nonresident Syrians.

President Hafez al-Assad's government said the Moslem Brotherhood, the insurgent organization, has been "decapitated," with its military installations destroyed, its arms seized and hundreds of its leaders and best fighters killed or captured.

But similar claims were made by the government late in 1980, when the security forces of Rifaa al-Assad, the president's brother, conducted a large military operation of several months against the Brotherhood after violent uprisings not only in Hama but also in Aleppo, Deir and other towns. The dead on both sides were estimated to be several hundred.

Since then, foreigners here said, the insurgents have regrouped, re-equipped themselves and mobilized new adherents.

In Hama, which has a thousand-year history of hostility to outside authority, the rebels were able to build a network of semipermanent military installations that must have taken several months to complete and that reflect the long-range character of the insurgency.

There is no reason to think they will not be able to recover once more," a sympathizer in Damascus said.

Most foreign diplomats here seemed to agree that the government has overcome a serious threat to its existence and is again solidly ensconced thanks to the army and the special security forces of Rifaa al-Assad.

Hama has shown, foreigners said, that armed popular uprisings have no chance of success in Syria as long as the army and the security forces remain loyal.

The strengths and weaknesses of the Assad government are a crucial factor for the entire Middle East, mainly because of Syria's controlling position in Lebanon, which is now the only active Arab-Israeli military front.

President Assad has proved to be the most effective figure in the Arab Rejectionist Front and his foreign policy goal is to block any U.S. attempt to expand the Camp David peace process to other areas of the region after Israel completes its withdrawal from Sinai.

The question of the loyalty of the Syrian Army was raised before and during the Hama fighting. Some soldiers of one brigade sent to Hama refused to obey orders to shoot civilians, but there were no mass defections, according to diplomatic reports here.

Now, after Hama, the government has begun a campaign to counteract the impression that it is cornered, surrounded by internal and external enemies and upheld by military force.

A week ago, after a speech marking the rise to power of the Ba'ath Party, Mr. Assad stunned onlookers by plunging into the crowd, then walking with the demonstrators several miles through the center of Damascus, often letting them carry him on their shoulders. Normally, the president remains behind a wall of security forces and travels in fast-moving convoys.

Demonstrations involving millions of people, according to the government, were also held in Aleppo and other cities and shown for many hours on national television.

The nature of the armed opposition to Mr. Assad is not so clear as

the generally used name of the organization, Moslem Brotherhood, implies. Foreigners concede that they know little about the organization, which mixes politics and terrorism with religious fundamentalism.

A Damascus businessman sympathetic to the insurgents called them the "Radical Party" rather than the Brotherhood and said that most of the leaders were educated, modern men of middle age, many with university degrees, whose prime motives were political and not religious and who certainly did not intend to impose a Khmeini-type Islamic government on Syria.

He said the government had to be replaced because of police repression, corruption, nepotism and general inefficiency, but he added that the insurgents were led by Sunni Moslems who want to end the minority rule of the Alawites.

About 12 percent of Syria's people are Alawites, 60 percent are Sunni Moslems and about 14 percent are Christians. Mr. Assad is an Alawite and has put Alawites into virtually every important position in the government, the armed forces and the economy.

## Athens Said to Assure Turkey on Aegean Oil

New York Times Service

**ATHENS** — The Greek government has assured Turkey that it will not pursue further oil exploration in the eastern Aegean, diplomatic sources here said.

The move was intended to ease tension between the two hostile members of the North Atlantic Treaty Organization, they said Tuesday.

However, tension apparently continues over what Greece charges is Turkish violation of its airspace.

The diplomats said the assurance on oil exploration was given in a letter delivered last week by Greece's ambassador to Turkey. The letter was in reply to Turkish protests that the Socialist government of Premier Andreas Papandreu was violating the Greek-Turkish agreement signed in Bern in 1967 by launching a new oil exploration program in the northeastern Aegean.

The diplomatic sources said Greece informed Turkey that it would soon complete a minor exploration program already contracted between the previous government and foreign concerns, but would then cease such activity. The Turkish government has already said it was satisfied by the

reply, but neither side disclosed the letter's contents.

Tension has remained high in the last week, however, after Greek charges, both to NATO and in direct communications to Ankara, that Turkish jets entered Greece's 10-mile (16-kilometer) airspace limits, established since 1931 and recognized by the International Civil Aviation Organization.

Since 1974 Turkey has argued that Greek airspace extends to only six miles, equivalent to its territorial waters.

Greece has also protested that Turkish jets have failed to submit flight plans for penetrating what is known as the Greek flight information region.

Premier Bulent Ulusu of Turkey countered this month that what Greece viewed as violations were a result of military maneuvers that had been announced in advance and that aircraft involved had no obligation to submit their flight plans.

Turkish officials have been concerned that Greece might proclaim an extension of its territorial waters from six to 12 miles in the Aegean. Mr. Papandreu stated in his election campaign last year that Greece had the right to extend its territorial waters to 12 miles.

## London's most accomplished hotel adds a touch of Hyatt

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## Consumer Poll Calls Heathrow Worst Airport

The Associated Press

**LONDON** — London's Heathrow Airport is the worst airport in the world and Amsterdam's Schiphol Airport is the most popular, according to results of a recent survey.

The survey was published Tuesday by the International Airline Passengers Association, a London-based consumer group with 110,000 members worldwide. The association last fall polled 41,000 members by mail and received about 8,000 responses.

More than one-fifth of those who replied rated Heathrow as their least favorite airport, an improvement from two years ago when one in three persons placed the airport, the world's busiest, at the bottom of their list.

British Airways also was criticized heavily, with one in four persons saying it was the airline they least like to fly. Aeroflot, Alitalia and Pan American World Airways also were low on the list. Regular travelers said Swissair was the best, followed by Singapore Airlines.

## New VOA Director Vows Objectivity

United Press International

**WASHINGTON** — The new director of the Voice of America has said he will insist on objectivity in reporting the news, but that the worldwide radio service will also report the administration's "assertive" foreign policy pronouncements.

President Reagan named John Hughes, 51, a Pulitzer Prize-winning journalist, to head the radio service which broadcasts around the world in 39 languages and has 2,100 employees. James B. Conkling resigned earlier this week as director, ending a stormy 10-month tenure during which his efforts to reorganize the network met with widespread resistance from employees.

Mr. Hughes said, "I am absolutely wedded to the concept of the objectivity of the news file. If I had any doubt about that being possible, I would not take the job."

## DEATH NOTICES

Marie-Claude Bordat and family regret to announce the sudden death of Madame Nicolete Goy, nee Lavazzani on March 21, in Paris. Burial was held with the immediate family, near the Grand-Poissard, on March 24, 1982.

LOVELL, Mr. and Mrs. Walter Kerr and their children, Philip, Cynthia, Mark, and Lois, regret to announce the death of Mr. Kerr's mother, Helene du Bouclier Lovell, in Santa Fe, New Mexico, on March 13, 1982. Mrs. Lovell was the daughter of the late Dr. Charles Winchester du Bouclier, head of the American Ambulance Service in France (1914-1918), and the widow of Walter Howard Lovell, pilot in the Lafayette Escadrille (1917).



## Guatemalan Comeuppance

The coup d'état in Guatemala could not have happened to a more deserving dictatorship or at a better time. Experience argues against getting too enthusiastic about coups; Idi Amin, remember, was once hailed as a liberator. But Guatemala's recent experience has been so awful that by the law of averages alone the insurgents — young officers and civilian politicians — would have to be an improvement. And the coup flashes a useful warning to the ruling military in El Salvador, just days before that country's crucial vote.

Guatemala has been misruled by cold-eyed generals for nearly two decades. Their excesses have fed a leftist insurgency in a poor, largely Indian country with Central America's largest population (7.2 million). Fraudulent elections have been staged to give the military rulers a patina of legitimacy. But the vote this month was so outrageously crooked that it unified the opposition before the president-general could be enthroned.

Wisely, the United States refused to endorse the flawed vote or renew military aid,

which was suspended on human rights grounds in 1977. Although the Reagan administration wanted to resume arms shipments, its appeals for less ferocity against Indians, guerrillas and democratic politicians were haughtily ignored. One guesses that the State Department might now feel a little warmer toward the human rights laws that thus prevented collaboration with a discredited anti-Communist regime.

What further weakened it was the dramatic decline in coffee prices. The political shape of the next government is uncertain, but it is sure to need emergency economic aid as much as the military equipment it will request. With determined outside encouragement, Guatemala could yet be nudged back toward a democratic path. And that would be the best counter to the challenge of a recently unified guerrilla movement.

There is a chance, in short, to shift the tide in an important country. Let the Reagan administration seize it.

THE NEW YORK TIMES.

## U.S. Aid Should Be Overt

In Central America's confused battlefield, the forces of democracy need all the help they can get from allies around the world. But for that aid to be effective it should be overt, and preferably multilateral, not a surreptitious black bag from the CIA. Better mechanisms to supply that help have been devised quickly, while there are still democratic forces to receive it.

The case for such aid, in principle, is old and honorable. It was eloquently put by John Stuart Mill in 1859. In "A Few Words on Non-Intervention," Mill wrote: "The doctrine of non-intervention, to be a legitimate principle of morality, must be accepted by all governments. The despot must consent to be bound by it as well as the free states. Unless they do, the profession comes to this miserable issue — that the wrong side may help the wrong, but the right must not help the right."

In Central America, Marxists make no secret of their debts to Cuba. And Social Democrats and Christian Democrats get open and legitimate assistance from fraternal parties elsewhere. There is no reason to be defensive about overt U.S. aid, preferably through foundations openly funded by Congress and

with appointed but autonomous directors. The argument for honesty is persuasively supported by the former director of the CIA, William Colby, who knows better than most how much paranoia covert aid can create. Radio Free Europe and Radio Liberty, once secret operations, send a stronger and no less credible signal now that both are openly funded through an international board. And labor and farm missionaries now get support through the aboveboard Asia Foundation.

Comparable foundations, says Colby, can make grants to Central American schools, publications, social and political organizations. And why cannot their boards include distinguished figures from the Caribbean? That could lessen the taint of unilateralism.

In tense situations where the United States is suspected of uglier designs, there is always a question whether aid recipients can afford the association. But with or without justification, they are often already denounced as CIA puppets. Open subsidy could hardly cause them more damage. There is no reason to keep the Americans' ideological preferences in the closet, like a shameful secret.

THE NEW YORK TIMES.

## The Challenges to OPEC

Now the world will find out whether OPEC is really a cartel. It is no trick to raise prices in the midst of shortages, as OPEC did in the 1970s. To maintain those prices in the shrinking market of the 1980s is going to be much harder. It means agreeing on production cuts, and it means enforcing those agreements. Last weekend, OPEC, meeting in Vienna, appeared to have worked out quotas — in principle. The next question is whether the 13 very diverse countries that comprise OPEC can make them stick.

The agreement on quotas will have little immediate effect on consumer prices. But it probably means that the long downward trend in world oil prices has been broken, at least for the present. That trend began more than a year ago. Evidently fearing that high prices would wreck the world oil market, Saudi Arabia used its enormous reserves to create a small glut and eventually forced the radicals, led by Libya and Algeria, to come down to a compromise price schedule. In return, it promised to prevent further price reductions by controlling its own output.

But the world was cutting down its use of oil much faster than the experts had expected. The glut persisted, and by midwinter speculators were beginning to wonder whether the Saudis were going to force prices even lower. With the agreement last week-

end, that question has been answered. They are not. At least temporarily, crude oil prices seem likely to stay where they are.

But that is not necessarily the end of the story. You do not have to have been in Vienna to sense the bitter row within OPEC. While the Saudi production will be about one-fourth below the level of 1979, the last boom year, production for the rest of OPEC will average hardly more than half the 1979 level. Or, to put it the other way around, the Saudis apparently intend to pre-empt a larger share of OPEC's market as the price for preventing further price drops.

Of all OPEC's internal divisions, the deepest is the one that separates the governments of the rich, thinly populated desert countries from those with large, poor populations that urgently need the oil revenues for economic development. In contrast to Saudi Arabia and its population of some 8 million, there is Nigeria, with 90 million people and an income per capita of perhaps \$700 a year.

Nigeria's oil production, because of its pricing errors, is now about half the 1979 volume. While OPEC may have agreed on a market strategy for the short term, you are entitled to a degree of skepticism regarding its ability to deal with the issues of economic equity that lie beyond.

THE WASHINGTON POST.

## One Species Every Day

One of the world's 5 to 10 million species becomes extinct each day. By the end of the decade the extinction rate will approach one an hour. A million species may have vanished by the year 2000. The loss of diversity will make the world a poorer place. But the United States, a necessary leader in any effort to halt the decline, is faltering.

It is not just conservationists who worry about the disappearance of obscure species from distant plains or jungles. Cancer specialists know that two of their most important drugs come from a single denizen of tropical rain forests, the rosy periwinkle. Seed growers, who have to develop new strains of wheat every five years or so as the old ones become susceptible to disease, know the importance of preserving diverse gene pools. But the ancestral gene pools for most staple U.S. crops lie abroad. Without foreign germ plasma, American farmers would supply little but cranberries, pecans and sunflower seeds.

The world's gene pools have made a vital contribution to the pharmaceutical and agricultural industries, yet only 1 percent of all

species have been examined for commercial value. The rate of extinction can best be slowed by preserving habitat, particularly in the tropics, where diversity of species is richest. But this means denying certain uses of land to those with shorter-term purposes.

Governments that might look to the United States will find little help. Washington proposes to cut back its already meager contributions to the UN Environment Program and to the tropical biology efforts of the National Science Foundation. A major function of the Endangered Species Act — the listing of threatened species — has been brought to a virtual halt by Interior Secretary James Watt, and the act is under attack from mining and forestry interests.

"Any species is expendable somewhere along the line except mankind," says a lobbyist for the pesticide makers. If Washington shares that view, it will find it has little standing with governments on whom it may one day wish to urge the case for conservation of the planet's fast-shrinking gene pools.

THE NEW YORK TIMES.

## March 25: From Our Pages of 75 and 50 Years Ago

### 1907: Turbulence in Moldavia

BUCHAREST — The agrarian troubles continue. The cabinet, regarding the resignation of which the rumors are becoming more and more persistent, is sending fresh reinforcements of troops, but hesitates to declare a state of siege over the whole of Moldavia, as seems necessary. When receiving the deputation of landowners from the Jassy district, King Charles said that he would devote his earnest attention to restoring order in Moldavia. Politics were responsible for the whole trouble. The country was better governed 30 years ago, but the administration did not now answer to the needs of the times. Politicians must forthwith set to work to solve the agrarian and Semitic questions.

### 1932: Hitlerites vs. Prussia

LEIPZIG — That Gen. Groener, the Reich minister of the interior, instigated the Prussian government's wholesale police raids on the Hitlerite branches in Prussia was asserted during a hearing before the supreme court. The hearing was connected with Adolf Hitler's suit for an injunction to compel the Prussian government to return documents taken during the raids. The court suspended the session to give the Prussian government and the Hitlerites an opportunity to reach a settlement by private negotiation. The attorney for the Prussian government revealed that Gen. Groener wrote on March 8 that Hitlerites had ascertained the location of the Reichswehr's munition depots all over Germany.

# How I Learned to Start Worrying About Nukes

By Roger Molander

The writer is a former White House nuclear strategist for the National Security Council. Now executive director of "Ground Zero," a nuclear war education project, he contributed this comment to The Washington Post.

The most dedicated people I have ever met in trying to help the president perform the hardest job in the world. I watched three presidents who were deeply concerned about preventing nuclear war leave the White House with a sense of frustration. Each sought to leave the American people with a legacy of security with respect to nuclear war, a confidence that nuclear war would not happen. Each failed.

I felt that some sense of frustration and failure, especially in early 1980, when the struggle to save SALT-2 and the work of three administrations ended with the Soviet invasion of Afghanistan. I had expected to spend the first few months of 1980 carrying the case for the treaty — "modest, but useful," in the words of the Joint Chiefs of Staff — to the Senate floor. I knew it would be a real challenge. I had discovered that most of the senators on the Armed Services and Foreign Relations committees — those making critical decisions, to say nothing of endless speeches — lacked even a rudimentary understanding of the nuclear war business.

There were no people involved in these "exchanges," only calculations. It was a curious fiction, never discussing the humans at the military installations or the industries or the cities. I guess that made it easier on the targeters in Omaha, the people there in charge of launching the missiles or the bombers, and the analysts like me. I recall one Saturday a colleague came into the think tank office with his wife to find one sticking different-colored pins, representing different-sized weapons, into a map of the Soviet Union. Add a pink pin for Minsk — another 200,000 dead. But colleague's wife was horrified. "But when the pin went into Minsk or Moscow, I didn't see people working or children playing. I assumed that someone above me in the system thought about those things. Me, I just stuck in the pins."

In 1969 the Strategic Arms Limitation Talks (SALT) began, and I found myself trying to find combinations of weapons limitations and verification provisions that would be acceptable to America and its allies as well as to the places where the pins were being stuck. At first blush the problem looked easy to me. But an older colleague told me I had a lot to learn. He was right.

Within a month I had met the first of a small but not unimportant community of people who violently opposed SALT for a simple reason: It might keep America from developing a first-strike capability against the Soviet Union. I'll never forget being lectured by an Air Force colonel about how America should have "nukes" the Soviets in the late 1940s before they got the Bomb. I was told that if SALT would go away, America would soon have the capability to nuke them again — and this time America would use it.

As the SALT negotiations began in earnest, I dug into studies at the think tank for the Pentagon and came face to face with the big questions of the nuclear war trade: How much is enough? What is the "threshold of pain" for the Soviet decision-makers? What level of destruction will deter Soviet attack? Is it measured in industrial capacity? In war machines? In Soviet cities? In some arcane combination of these and other factors, which a careful reading of Russian history and of recent articles in Red Star would divine?

My role of passage was complete. The scientist — whose main interest in graduate school was trying to obtain commercially useful energy from controlled fusion — had become the policy analyst playing nuclear war. The policy analyst went to the White House.

I was at the White House's National Security Council only a few months when it was time for a SALT negotiating session to begin in Geneva. One of Secretary of State Kissinger's division heads asked me to draft a set of instructions for the U.S. delegation. I asked what to put in the instructions — and was told just to do a draft on my own, with one cover memo to Kissinger and another from Kissinger to the president.

The day I got the package and the instructions back. The person who had asked for the draft had not changed a word. Nor had Kissinger. Nor had the president. The instructions were on their way to Geneva. I swallowed hard.

Those people above me who were supposed to be thinking about the Big Questions were relying on me to think about those things. I was to make decisions in the nuclear war trade, not just stick in pins. So I began to think about many things.

I thought about the fact that nobody in the White House seemed to understand the difference between a "paralyzing" domestic crisis and a "paralyzing" international crisis. The 25th Amendment makes provision for transfer of authority to the vice president when the president is unable to function, but there is no vice president.

Only the secretary of state and the White House chief of staff are aware of the president's condition. A majority of the "principal officers" of the executive branch will have to make the decision.

Not possible? It happened on the night of Oct. 24, 1973. The occasion was the October war between Israel and Egypt (plus Syria), and the leading figures were Richard Nixon as president, Henry Kissinger as secretary of state and Alexander Haig as White House chief of staff. The missing vice president was Gerald Ford, who had been designated by Nixon but not yet confirmed by Congress to replace Spiro Agnew.

Such was the famous night when the United States went on nuclear alert, as recalled in the second volume of Henry Kissinger's memoirs, published this week.

Anything as absolute as truth is unattainable, even with the passage of time. But Kissinger's 162-page account adds enormously, and meticulously, to the record of one of the most controversial and crisis-laden three weeks in American political and diplomatic history. In the period between Oct. 6 (when the war broke out) and Oct. 28 (when the Egyptians and Israelis met to negotiate a disengagement of forces), Agnew resigned in disgrace, and Nixon's Watergate fate was sealed by the Saturday Night Massacre and an appeals court ruling that he would have to surrender the Oval Office tapes.

When SALT-2 was defeated, I had some time to ponder how we had got ourselves into the awful mess we were in. The factor that stood out in my mind was the seeming lack of understanding of just how great the chance of nuclear war really was.

I had seen how the White House and the so-called chain of command operated, and I assumed the Russians were probably worse. I knew how poorly we understood the Russians and how poorly they understood us. I could see the rising problem of nuclear proliferation vastly increasing the risk of superpower confrontation.

These unintended happenings can be multiplied by presumed mishaps on the Soviet side and by additional mistakes in other nations which have acquired, or are in the process of acquiring, nuclear weapons. It is by no means inconceivable that next time, rather than on a calm day when America and the Soviets are merely at normal levels of enmity, a false alarm will occur in an atmosphere of crisis, with somebody suddenly heading for the Hot Line and trying to explain that it was just a mistake.

Adding it all up was unsettling. There was too much opportunity for machine error, for human error, for errors in judgment. Nuclear war could occur far more easily than on a calm day when America and the Soviets are merely at normal levels of enmity, a false alarm will occur in an atmosphere of crisis, with somebody suddenly heading for the Hot Line and trying to explain that it was just a mistake.

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## 'That We Be Survived'

By James Reston

WASHINGTON — The Reagan administration is beginning to pay some attention to the protest movement against the nuclear arms race, but it is not really dealing with the anxiety and philosophy behind this human outcry.

It is paying attention, reluctantly, for political reasons. Republican leaders in Congress are telling the administration that they cannot pass the Pentagon budget in the present economic crisis arising opposition to his military budget, with its emphasis on new nuclear weapons.

Also, the president is going to make a grand tour of Europe in June, and the West European governments are warning him privately that the anti-nuclear opposition may demonstrate against him and the NATO policy of putting new U.S. Cruise and Pershing-2 missiles on their territory.

Accordingly, Reagan is veering away from his hard-line course. After his talks with Presidents Mitterrand of France and López Portillo of Mexico, he is agreeing to Mexican attempts at a negotiated settlement in Central America. He has agreed, despite opposition in his administration, to begin negotiations in Geneva with the Russians on intercontinental strategic nuclear weapons.

This may blunt the opposition of the anti-nuclear movement in Europe and the American movement that is spreading to churches, universities, town meetings and even to Congress. But it is not likely to silence the public outcry for control of nuclear weapons, for the protesters are not talking in diplomatic or military terms.

They are talking instead about life and death. They are proclaiming that the threat of nuclear war is too serious to be left to politicians, who cannot even manage their own personal or national affairs. They are challenging the assumption, popular in both Moscow and Washington, that all will be well if more atomic weapons make the other side afraid. It is possible that fear itself may be the cause of war.

They are saying, as Herbert Butterfield said at the American University in Washington long ago, that the people must speak, not as priggish moralizers, but because wars may be caused, not necessarily from petty betrayal and individual neglect.

This is not being said by the anti-nuclear leaders with a clear voice so far. Indeed, their cries for a "freeze" on nuclear weapons at the present imbalance of military power in the world is both

emotional and dangerous, since it would leave Moscow with an unacceptable advantage in strategic and conventional weapons. But they are expressing an elemental feeling.

What is surprising — since at this point this is essentially a political and propaganda argument about weapons that will not be available until long after Reagan has gone back to his ranch in California — is that the administration has been so knuckle-headed in handling the problem.

After all, it is not the Soviet Union but the United States that has led the fight for the control of nuclear weapons since the last world war. It was not the Democrats, but a bipartisan coalition of Republicans and Democrats that supported the Baruch Plan, the Acheson Plan, the Lillenthal Plan for the control and even the abolition of these apocalyptic weapons.

It was President Eisenhower who proposed a wide reduction of nuclear arms and the transfer of the money saved to the hungry people of the world. It was Gen. George Marshall who suggested that his plan for the reconstruction of Europe after the war should be extended to the Soviet Union and Eastern Europe. And it was the Soviet Union that rejected all these proposals.

Young people now demonstrating for the control of nuclear weapons understand only have no memory of all this. Unfortunately, the Reagan administration seems also to have forgotten, and it is leaving the peace propaganda battle to the Russians, who have done more to block the limitation of nuclear weapons than anybody else.

Officials in Washington do not seem to understand — probably because they have not read Jonathan Schell's book, "The Fate of the Earth," which is rapidly becoming a guidebook for the anti-nuclear protesters and which the politicians will have to consider now or deal with later.

Of all the modest hopes of human beings," Schell observes, "the hope that mankind will survive is the most modest, since it only brings us to the threshold of all the other hopes. In entertaining it, we do not yet ask for justice, or for freedom, or for happiness, or for any of the other things that we may want in life."

"We do not even necessarily ask for our personal survival; we ask only that we be survived. We ask for assurance that when we die as individuals, as we know we must, mankind will live on."

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## An Alert Recalled

By Philip Geyelin

WASHINGTON — The Pentagon's most inventive war-game players would not have thought it up: War has been raging for three weeks in a vital area between a close U.S. ally and a Soviet client. Moscow and Washington have brokered a cease-fire, but it is breaking down. The Soviets deliver a rough ultimatum. Both sides intervene with peacekeeping forces, or they will move in on their own.

The National Security Council is rushed to the White House "situation room" to plot a quick counter-strategy. But the NSC's statutory chairman, the president, is not in the chair. He is incapacitated upstairs by the long quarters, a "paralyzing" domestic crisis left him "too distraught to participate."

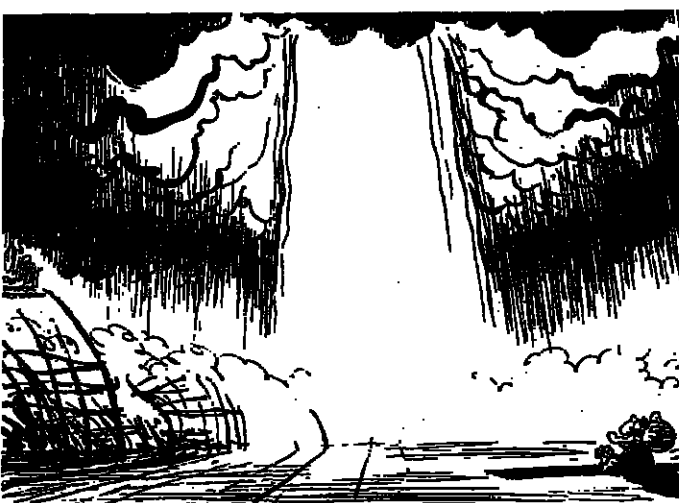
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But such is Kissinger's artful ambivalence that it is impossible to determine from one episode to another whether he thinks Nixon, under terrible pressure, was unfit for duty or was in command.

One day, Oct. 24, captures the peril as well as the emotions, frustrations, suspicions and generally rancid atmosphere. The cease-fire had collapsed. The Egyptians were calling for intervention by American and Soviet troops. Kissinger was meeting with Dobrynin when Nixon, "as agitated and emotional as I had ever heard him," phoned.

His political enemies, Nixon told Kissinger, "are doing it because of their desire to kill the president. And they may succeed. I may physically die." And Nixon went on: "The real tragedy is, if I move out, everything we have done will crumble. They just don't realize they are throwing everything out the window."

That was enough for Kissinger to decide to take Haig's advice (when, three hours later, the Soviets threatened to intervene unilaterally) and not "wake up the president," who had apparently "re-

tired for the night." There is no evidence Nixon talked with anyone but Haig while the decision was being made in the early hours of the next morning to put U.S. forces on alert and put America at risk of nuclear war.

That the crisis was real, Kissinger leaves little doubt by alluding to his high at the time. That Nixon sought repeatedly to exploit it to demonstrate his "indispensability" as impeachment loomed, Kissinger amply documents. That Nixon was repeatedly "out of touch," "obsessed," "preoccupied," "on the verge" (as Haig cryptically put it), "in the paralysis of an approaching nightmare," all this Kissinger makes plain. His account gives the lie to the White House accounts at the time.

But as to a clear judgment, Kissinger speaks ambiguously of a Nixon overwhelmed by his "persecutors," of a "nation consuming its authority." The insights and information are spellbinding. But in a matter of historic interest, we are left not all that much closer to the "truth" than we were at the time.

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Ab, yes, the Hot Line. How many people know that it is a slow teletype machine, and that its use suffers from the usual problem of getting a good translation? I had witnessed two incidents in the SALT negotiations in which the United States and the Soviet Union had profoundly misunderstood each other in this fashion.

The first was at Vladivostok in 1974, when President Ford and Secretary Kissinger had come home in triumph with an agreement that was found to be no agreement at all when the sides tried to write it down in agreed language. A similar incident took place in the early months of the Carter administration, when an agreement on limiting new types of ICBMs evaporated into thin air over a language disagreement.

What if one of these "misunderstandings" took place in a crisis as the sides tried to control further escalation, rather than in the midst of a seven-year negotiation?

It was also chance that these threats coincided with the birth of my second child.

There is something in the birth of a child — or the death of a loved one — that is a reminder of both the miracle and the fragility of life. Now there she was, a new person, a new being, demanding the right to live, to find out "why she came." And here I was, thinking of the risks of nuclear war.

I held forth on all this to a friend late one night when most sensible people have gone home or to bed. I railed away at the absurdity of the situation we Americans found ourselves in — living in an imperfect world with imperfect machines and imperfect people making decisions on subjects they only partially understood. Something had to be done.

At the root of the problem is the fact that the public has scarcely any reliable information with which to develop thoughtful opinions about American nuclear policy. Policy-makers, therefore, have little serious sense of public opinion to guide them.

**The People**  
Sure, there are polls on the nuclear question. But nowhere do these polls tell us about the difficult decisions and trade-offs involved. We know from polls, for example, that two-thirds of Americans want to pursue arms control with the Soviet Union, and that at the same time two-thirds don't trust the Russians to adhere to such accords. Do Americans want arms control negotiations or not? The polls, in their simplicity, have been part of the problem.

A larger part of the problem is that no effort has been made by the government to maintain public concern and understanding about the fundamental questions of nuclear war. Perhaps this is understandable. What president is going to send a message to the nation that he and his colleagues are losing their grip on the nuclear war issue? Public interest groups have made some effort, but they are small, uncoordinated, often suspected of being "soft-headed lefties," and they expend most of their energy in Washington.

It was clear that something was wrong, that the link between policy-makers in Washington and the people we served was far too weak. We didn't understand their fears and frustrations; they didn't understand the complicated bases of our decisions. Only by providing careful and thorough information to public and to officials can we avoid the hysteria we often find on both the extreme left and right.

My interest in doing something about all this waned as daily life took over again — until chance intervened once more in the form of the abortive attempt to rescue the hostages in Iran in April, 1980.

**Earth**  
The day after the raid, as we waited to see how the Iranians would react, I encountered a friend, a general, in the halls of the Old Executive Office Building. We both knew the general, who had for the start of World War III was a crisis in Iran. Now we had one. What if the Iranians killed the hostages? What would the Russians do if we retaliated?

We talked about the uncertainties, and as the conversation drew to a close, he said, "You know, I called my kids last night." He hesitated and then continued, "I never call my kids." His kids were grown up, and I knew what he was saying. Was this it?

The final chance event that confirmed my determination to help correct our flaws involved another military officer. It happened at a meeting in the Pentagon when a Navy captain offered the view that people in America and Europe were getting too excited about nuclear war. He argued that people were "talking as if nuclear war would be the end of the world, when, in fact, only 500 million people would be killed."

Only 500 million people. I remember repeating it to myself: Only 500 million people.

He went on to argue that within a generation, genetic engineering would make people immune to radiation. I reached for my hat, knowing how Woody Allen felt in "Annie Hall" when he excused himself from a conversation saying that he had "an appointment back on planet Earth."







# Common Market: 25 Years of Economic Success, Political Failure

By John Vinocur

**BRUSSELS** — The partnership of 10 West European democratic countries that makes up the European Economic Community will be 25 years old this week. While it has much to celebrate, it regrets some of its past and worries about its future.

This mood hides many of the EEC's great accomplishments. It has developed a remarkable free-trade zone that until recently made protectionism seem retrograde and unnecessary. The European Court has functioned well, and there are important industrial agreements on trading matters. A European Parliament has been elected by universal suffrage.

But the Parliament has inadequate powers and the goals of political and monetary union have stagnated.

The Common Market has certainly strengthened the Europe of shared genius, shared wisdom, enormous practical experience and finesse. But it has also represented the Europe of nervousness, distaste for risk and limited resources. The two courses, intensified by old reflexes of nationalism, now seem to have pulled even in influencing the community's attempt to exist as a vital institution.

A decade ago, when times were good for the EEC, its members seemed too satisfied with their own individual successes to bother much about seeking greater collective unity. Now, deep in recession, the individual nations' fears, as much as the successes in the past, continue to block creation of a genuinely united community.

## Mountains and 'Snakes'

The last few years of seemingly endless disputes and sometimes bafflingly obscure terms — "snakes," "mountains," chicken wars, currency "snakes" — have made impressions of partial failure and fragility commonplace here.

No one has said it more distinctly than Gaston Thorn, president of the organization's Permanent Commission, who insists that the EEC is in danger, faced with the choice of managing "awesome and forbidding problems" or accepting "irreversible decline."

Twenty-five years after the signing of the Treaty of Rome, which established the Community and was widely regarded at the time as a first step toward creating a United States of Europe, the original ideas seem faint

and otherworldly. Hardly anyone talks about creating a federal system that could rival the United States and the Soviet Union in strength and prestige, and when the subject is mentioned, it is usually with regret and melancholy.

The reality that has replaced the dream of a federal system is characterized by the pettiness of members, a bureaucracy that measures contributions down to the last erg, and what De Gaulle called grocers' disputes. Frequently, in times of great economic stress, the EEC's activities involve little more than jockeying for advantage in discussions of commercial and budgetary agreements.

"The community," Mr. Thorn said, "is lurching from wine war to turkey fight to budget dispute." It is involved, he said, in "esoteric squabbles" about money. Its identity is slipping away. There is a lack of direction, a sense of powerlessness. There has to be "an immediate start on laying the foundations for a second-generation Europe."

The reality in the EEC today is Britain arguing with the rest of the group about its just return from money placed in the communal pot, and Britain's threats to block the agricultural program if its demands are not met. The reality is also the newest member, Denmark, demanding to renegotiate its entry agreement, and Greenland, a Danish territory with autonomous status, voting to pull out.

The day-to-day experience is France restricting the importation of Italian wine, a wrenching of community bylaws. And it is French brewers in Alsace complaining about West German regulations involving the "purity" of beer that make it virtually impossible for them to export across the Rhine.

"With all our arrogance and self-importance, Europe at this moment signifies nothing," Leo Tindemans, the Belgian foreign minister and president of the EEC's Council of Ministers, said in a recent interview. A passionate believer in European unity, Mr. Tindemans uttered the phrase with enormous regret. "Europe has no policy," he said. "It is not involved in power politics."

The Common Market's own polling organization, Eurobarometer, insists that 74 percent of the people it canvassed last December still favor the movement toward European unification. But when it asked the West Germans, once passionate and idealistic supporters of

the unity movement, what they valued in the Common Market today, the answer was prosaic, humbly so — "a wider selection of products in the shops."

The idea of some kind of supranational status for Europe's citizens that was so present in the thinking of Jean Monnet, one of the central forces in the unification movement 25 years ago, has become somewhat. Rolf Dahrendorf, a West German who is the director of the London School of Economics and a former member of the community's commission, wrote recently that "Europe as ersatz for the nation has collapsed" as far as West Germany is concerned.

## No Funds to Celebrate

In the end, the news stories about the EEC that reach Europeans are ones that announce things like the governments' cancellation of a request for \$80,000 out of the community's \$25 billion budget to commemorate the 25th anniversary. In Norway, 53 percent of the population rejected membership in a referendum in 1972; unofficial polls indicate that the level of rejection would be considerably higher today, according to the Foreign Ministry in Oslo.

What happened to the ideal? When the Treaty of Rome was signed, the creation of the Common Market itself was not regarded as the essence of the achievement, but as a first step. Welcoming the event, The New York Times said in an editorial on March 26, 1957, "The projects are born of the realization that the European national states have become historic anachronisms which are no longer able to stand alone and are therefore forced to unite or perish."

In analyzing what the community has become and how the reality compares with the ideal, many political figures were interviewed, and they offered several explanations.

One of the most current is that during the "golden '60s," as Mr. Tindemans describes them, the impetus for integration was lost in Europe's enormous well-being. Without external threats and with the buildup of vast networks of social services, the idea began to seem superfluous. By the time of the oil crisis in 1973, the reflex of moving together in time of difficulty had been supplanted by a notion of being able to best assure national interest by national rather than community means.

The subsequent individual attempts to se-

crete favorable oil deals from the Arabs and the cut-throat competition among European partners for favors and industrial sales to the oil-exporting countries were prime examples of the attitude that had developed behind the platitudes.

Not much more than a trace of the supranational oratory was evident in 1973, when Britain, Denmark and Ireland joined the original six EEC countries — France, the Netherlands, Belgium, Luxembourg, West Germany and Italy. Geoffrey Rippon, the chief British negotiator for his country's entry, tells the story of the lost passions through a poll in Italy concerning Britain's entry. "About 70 percent said we should come in, and about 80 percent added that Italy should join, too."

"We didn't join to make a political Europe by then," said Lord George-Brown, a former British foreign secretary and a supporter of European political unity. "We joined to prevent it from developing increasingly to our disadvantage." According to Eurobarometer, by October of last year many more Britons saw EEC membership as a drawback rather than an advantage.

There are other theories for where the problems began. One of Belgium's signers of the treaty at the ceremony in Rome, Baron Jean Charles Snoy et d'Oppers, insists that the blame belongs to De Gaulle.

"It was a great tragedy that he came to power just four months later and remained for 11 years," he said. "He blocked the institutional development of the treaty, and we never got rid of his legacy. The institutions are paralyzed today, and we have never been able to exploit our political strength. The ideal and the reality correspond in no way."

Another prevalent explanation involves the community's apparently reactive nature and the idea that it has missed a vital element because of its lack of involvement in European defense.

It has been suggested that the market's problems were preordained when a plan for a European Defense Community with a supranational army fell apart in 1954 after its rejection by the French National Assembly.

"Creating the EDC would have meant that political union was a necessity," Mr. Tindemans said. "It was an enormous blow. I'll never forget seeing a young German crying when we read the news it had collapsed. And I

cannot forget what he said. 'It will start again. All this nationalism.'"

A parallel judgment was made by Pierre Messmer, a former French premier and defense minister, who was a loyal supporter of De Gaulle's line in surrendering no national prerogatives to the community.

"Collectivities never really last long unless they assure their own defense," he said. "If the community can't assume a mission of this kind, then it can't really have the pretense of taking great responsibilities. Therefore, in the eyes of the French, the community never had complete legitimacy."

The French goals, he said, were to use Europe as a tool to force French industry to pull itself up to the level of West Germany. For De Gaulle's France, the integrated political unit was, in Mr. Messmer's words, "un machin" — a silly gimmick. Mr. Messmer did not oppose the argument presented to him that the French also wanted to keep a hand on West Germany, and that once this seemed clearly established in the early 1960s through De Gaulle's relationship with Chancellor Konrad Adenauer, no one in France saw any reason to press the political union.

In the early 1960s, the Fouchet plans, two proposals for a measure of greater political integration, fell apart. France was soon resisting attempts by Walter Hallstein, the West German who was the Permanent Commission's president, to give the commission a greater role as an independent decision-making group. The community had its first deep crisis over the so-called Hallstein plan, and, in the end, the idea of supranationality was given a severe blow.

Now, the issue of British payments has the same critical feeling, but it is essentially a technical problem. The debate is basic to the community's future, but it is far from the old, nobler discussions of a federated Europe.

Presuming that the community will not founder on the issues of British payments and farm price supports, and that its heads of state and government will be able to reach a modus vivendi when they meet on March 29 and 30, the question will remain of how Europe, the idea of unity and political integration, can be revived.

The best hope, many Europeans feel, may be adversity. Movement toward the signing of the Treaty of Rome was quickened, they recall,

by the events of 1956: the Hungarian revolt, the Suez campaign.

The foreign ministers of West Germany and Italy, Hans-Dietrich Genscher and Emilio Colombo, have made proposals, essentially talking points, to broaden consultations on security policy, including many of the political aspects in which NATO is involved.

Mr. Colombo has also been talking about a European-American friendship document that would provide for a permanent consultative mechanism, beyond the military alliance, and in the process would create greater inter-European political cooperation.

One new factor, a potentially positive element, is that France appears increasingly interested in some kind of movement that would increase military cooperation on a West European level. Men like Mr. Rippon and Lord George-Brown believe that the neutralist-sounding remarks in Bonn over the last year have got the French, and other countries, concerned about West Germany again.

An original French goal for involvement in the Common Market was binding West Germany to the West. Now, the French are turning to the West European Union, a consultative assembly for defense questions. It was set up after the failure of the planned European Defense Community, but has been dormant for most of the last two decades.

But the enormity of the task of moving toward any kind of greater political integration is apparent in the difficulty the member countries have in resolving their differences in specific areas where they do cooperate.

In the memoirs of Mr. Monnet there are long passages about the Europe that is to be and the marvels that it could provide to the world. But that was only half the vision.

In André Malraux's book of conversations — some imaginary, some less so — with De Gaulle before his death, the general is made to say, "Europe when it was just nations that based one another on more reality than the Europe of today... good luck to this federation without a federator... no doubt about it, we're watching the end of Europe."

The truth seems somewhere between Mr. Monnet and Mr. Malraux's De Gaulle. Baron Snoy et d'Oppers, who signed the treaty, said, "In spite of everything we do to disabuse them, the rest of the world seems to persist in thinking that Europe exists."

# Europarlament Still Just an EEC Unity Symbol

By Richard Eder

**EDAM, Netherlands** — Piet Dankert was raised on a farm north of here. When he was 7, the Germans blew up the dikes and flooded it. Later, he spent holidays in Germany and Sweden. He married a Frenchwoman who sold programs at the Casals festival in Prades, and then he became a Socialist defense expert in the Dutch parliament.

Two months ago, he defeated a West German Christian Democrat, Egon Klempner, and a French liberal, Simone Veil, to become president of the European Parliament. He did it thanks to the support of West German and French Socialists and a last-minute switch by British Conservatives.

Mr. Dankert makes his home behind Dutch doors in this village of brick houses and willow-bordered canals. But he only gets home weekends, and in almost every respect he is as little national and as thoroughly European as it is possible to be.

His fluency in four languages — Dutch, English, French and German — is one of the qualities that got him elected to the presidency of the European Parliament.

## Forthcoming Battle

Twenty-five years after the signing of the Treaty of Rome, the six member nations have become 10, and the name of their enterprise has evolved from the workaday title of Common Market to the grander notion of the European Community. Thousands of regulations have been enacted, patterns of trade and industry have shifted impressively, and yet the community — that dream of political and social cooperation — is still struggling for tangible birth.

The 25th anniversary is, in fact, being celebrated in the shadow of a forthcoming battle over who pays what, and who gets what, that has more to do with the notion of market than of community.

And yet the idea of a political and social community is by no means dead. In fact, there is simply no other idea around. Beneath the wrangling and compromises among the member nations, there are whiffs of the notion of supranational cooperation. And to the degree that these can be traced to any particular institution, it is to the Parliament of the European Community.

The European Parliament building stands

on a rise in the French border city of Strasbourg. It is metal and glass, spacious and sleek, with carpeting that spreads from the floors up the walls, with a handsome wood-beamed assembly chamber, and corridors that wind, noodle-like, in curves and without right angles, so that nothing is clearly to the right or left of anything else.

The blandness is broken not by people — not even by an impassioned Greek orator wondering why the Common Market agencies in Brussels do not do something about ship tonnage, or an Italian delegate calling for action on Albanian human rights — but by multicolored collections of objects. Hundreds of metal footlockers, painted red, green or blue and stacked in twos and threes, line the corridors. They are the symbol of the indecision upon which the Parliament is built.

With the Council and the Commission sitting in Brussels, the members of the European Community have never been able to agree on where the Parliament should be. Technically, it is in three places at once: Brussels, Strasbourg and Luxembourg. In practice the Parliament's sessions, which take place for one week each month, are held in Strasbourg; its committees meet in Brussels and its permanent secretariat is lodged in Luxembourg.

It is not only the legislators who must assemble for each plenary session; it is the civil servants as well, and their papers. Hence the footlockers.

## 'Not a Real Parliament'

The perambulating Parliament is more than the demonstration of the nonintegration of national rivalries in an integrated Europe. It is a sign that, unlike the European Community's Council, which holds the power, and the Commission, which does the administering, the Parliament has not been taken seriously enough for its functioning to outweigh its symbolism.

"In most respects, as far as a real parliament goes, this is not a real parliament," Mr. Dankert said. Yet something happened two and a half years ago that changed the nature of the institution and, while not greatly changing its powers, gave Mr. Dankert and others the notion that it might in time be transformed from a decorative body to an authentic one.

In 1979, instead of being chosen by their national parliaments, the members of the European Parliament were directly elected by the

people. The European Community's Council consists of ministers of each country's government. The Commission's members are appointed by each government. Only the Parliament represents what could be called a European electorate rather than a collection of governments. However, the Parliament's powers are quite limited. For example, the Council, not the Parliament, legislates for the community.

Armed with a new sense of legitimacy, the Parliament began exercising its powers, such as they were. Two years ago it rejected the community budget and forced the Council to devise a new one. This year it fought for an increase in the Council's budget.

To assert itself as an institution, the Parliament has experimented with a provision in the Rome treaty requiring the Council to consult with it before enacting legislation. On a measure involving the axle weight of trucks, it simply refused to deliver an opinion. Without an opinion, the measure was invalid; and eventually the Council was forced to amend it.

## Obstruction by Silence

It was Mr. Dankert and his allies who led the budget revolts and devised the tactic of obstruction by silence. And now they are preparing their most spectacular effort. Some time before the next parliamentary elections in 1984 they intend to exercise the Parliament's one remaining unused power and depose the Commission.

It will be, in a sense, a symbolic action. The Parliament can depose the European commissioners, but the Council — in effect, the member governments — can reappoint them the next day. "In that case," said David Curry, a British Conservative, "we would be quite prepared to keep on depositing them until we have made our point."

What is the point? In the short run, it is public relations. "Something drastic has to happen to attract public opinion," Mr. Dankert said. If the Parliament has been able to make its very modest weight felt, it was because of the impetus given by the 1979 elections and the legitimacy they conferred.

Mr. Dankert and his associates are aware that an institution that has far more advisory function than real power — there is more than a suggestion of Britain's House of Lords to it — can hardly stir up much electoral passion. There was a respectable turnout for the first

elections just because they were the first, but if public apathy in 1984 reduces participation to much below 50 percent, the Parliament's claim to represent Europe's united populace against its divided governments will look fairly pale.

Besides whatever electoral drama it might provide, a vote to overturn the Commission would be an assertion of Parliament's skimpy powers. Beyond this, of course, are the more fundamental issues.

The Parliament's complaint about the agencies that actually run the community — the Council and its servant, the Commission — is that instead of mobilizing the energies of Europe, they have remained essentially a brokerage mechanism for the member governments. The big decisions that Europe needs, such as using agricultural subsidies to compel the rationalization of inefficient agriculture, are simply not made, the Parliament's members argue, because the member governments disagree and allow disagreement to become inaction.

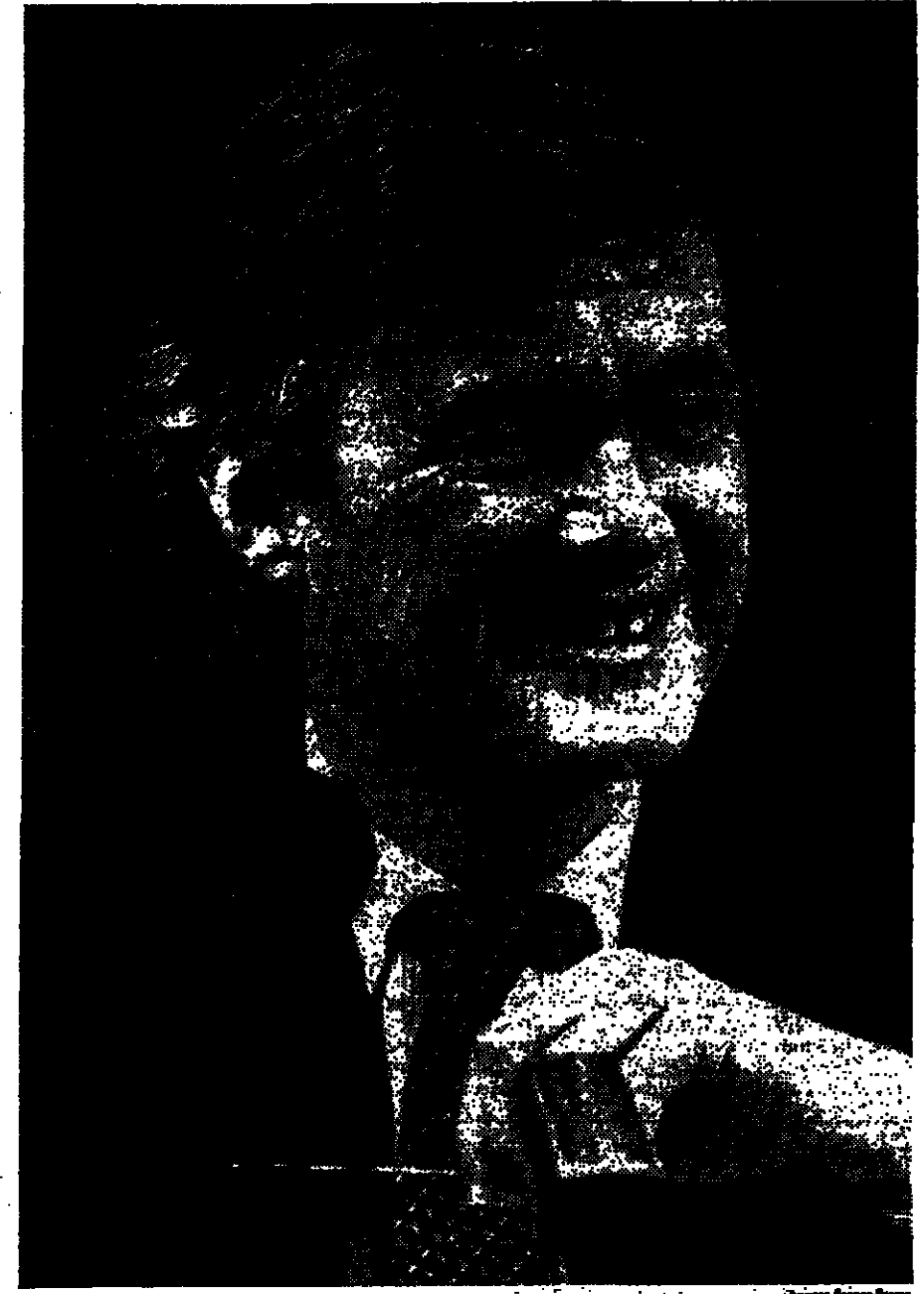
He and his associates see the Parliament as the potential driving force for a European, rather than a national, way of thinking. And they see it as something else, as well.

"It must be the means of elevating democracy to the European level," he said. "In fact, it may be the only way to keep parliamentary democracy in Europe. In each of our countries we think we have it, but it is slipping away."

"When I was in the Dutch parliament I realized that all the major decisions — on energy, on social policies, on important economic matters — were out of our hands. They were being taken in Brussels, and not by any directly elected group."

"They were being taken by the Council of Ministers and by the bureaucracy that works for them. The Council meets privately, behind closed doors, and when your minister reports to you in your national parliament you don't really know what he's done. He can even lie to you."

For Mr. Dankert there is no turning back from Europe's interrelationships and the consequent need to make multinational decisions. But if there is to be parliamentary and not merely bureaucratic control of such decisions, he argues, a parliament must exist. The one he presides over barely does, he concedes, but a gesture such as ousting the Commission, quixotic as it may seem, might just shock it into existence.



European Parliament President Piet Dankert.

# Resentment Spreading in Japan Over the Emotional Tone of U.S. Reproaches

By Sam Jameson

**TOKYO** — To an increasing number of people in Japan, anti-Japanese sentiment in the United States over trade barriers is rising rapidly — a situation that is causing alarm and resentment here.

Susumu Nakai, secretary-general of the ruling Liberal Democratic Party, brought the issue into the open during a recent visit here by David R. MacDonald, the deputy U.S. trade representative.

"Opinions expressed about Japan in the United States are anti-Japanese. They give us the impression of the prewar days," Mr. Nakai told Mr. MacDonald.

Kiichi Miyazawa, the chief Cabinet secretary, has expressed alarm about the increased tendency of some Americans, including congressmen, to use the word "unfair" to describe Japan.

Sony's chairman, Akio Morita, said in a newspaper interview that he had never seen the United States get so emotional about Japan since the war.

"Americans are trying to impose their own laws and their own ways of life on the rest of the world.... Things appear to have gotten as bad as they were on the eve of World War II. I myself am repulsed by it," Mr. Morita said.

Resentment has spread among the Japanese. "What has happened to the United States?" a taxi driver asked. A Japanese wife of an American businessman in Saudi Arabia wrote to a friend in Tokyo that arguments with Americans have become part of her daily life. "About 10 percent of the American people are very intelligent. The

rest are enough to make you want to start a fight," she wrote.

The cause of the alarm has hardly been noticed in the United States. Hearings in Congress on Japan, testimony and public comments by Reagan administration officials and election-year rhetoric by congressmen — all of which have had a devastating effect in Japan — have largely been ignored in the U.S. mass media. But Japanese newspapers have reported it all in minute detail.

While U.S. criticism of Japan — focused upon Japan's trade practices and its relatively low military spending — is hardly new, the extent of the criticism, and its emotional nature, is.

U.S. Ambassador Mike Mansfield reportedly has warned the Japanese that U.S. opinion has become "emotional and political." Most Japanese are said to agree with that assessment. Many feel they are being made scapegoats for U.S. problems. And some suspect that racism against the Japanese is welling up in the United States.

## Congressman's Remark

Rep. John D. Dingell, for example, was quoted as having referred to Japanese as "little yellow people" in a closed meeting of House Democrats on Feb. 26 when he charged that the U.S. Clean Air Act caused unemployment in the U.S. auto industry, making it vulnerable to Japanese imports. In Washington, Rep. Dingell's press secretary said that the Michigan Democrat did not use that phrase when he argued in favor of amending the act.

But one congressman, who asked not to be identified, said he had heard Rep. Dingell use it.

House Speaker Thomas P. O'Neill also had some pungent remarks when, in Detroit March 8, he called for an embargo on Japanese auto imports. "If I were president, I'd fix the Japanese like they've never been fixed," the Massachusetts Democrat declared.

While such comments stir up emotions in Japan, statements by Reagan administration officials are what have provoked the most rage.

Lionel H. Olmer, undersecretary of commerce, caused such a reaction in Japan with testimony he gave March 4 to the Senate subcommittee on international finance and monetary policy. He summed up U.S. demands by declaring, "We, indeed, are asking for some fundamental changes.... [in] part of the Japanese way of life."

What also irritated some Japanese was Mr. Olmer's charge that, if Japan's parliamentary districts were reapportioned to reflect the urbanization of the last 30 years, the ruling Liberal Democratic Party would lose 200 seats in an election. He declared that the conservative ruling party clings to power through the maintenance of 22 import quotas on farm products, finding its support in overrepresented rural districts.

## Protest Was Filled

That comment stirred the normally pro-American ruling party to file a protest with the U.S. Embassy. The Foreign Ministry also complained to Mr. MacDonald during his visit.

Mr. Olmer also criticized what he said was the "Japanese industrial structure dominated by large groups such as Mitsubishi and

His testimony echoed a declaration in December by the U.S. commerce secretary, Malcolm Baldrige, that Japan must change "its cultural traditions." Japan's ambassador to Washington, Yoshio Okawara, later complained to Mr. Baldrige about his remark.

Comments such as Mr. Baldrige's help create an impression here that Reagan administration officials are inciting Congress to enact protectionist legislation against Japan. Foreign Ministry officials have said privately that if the threat of such legislation is a tactic to persuade Japan to open up markets that are barred to foreign business, the United States risks convincing Japan that there is no use in listening to any U.S. complaint, regardless of the merit.

## U.S. Misunderstandings

Two other elements have appeared in the U.S. reaction.

One is that criticisms of Japan aired publicly in the United States have been based, in some cases, upon misunderstandings by the U.S. government. Moreover, the errors do not seem to disturb the officials making them.

Mr. MacDonald was asked at a news conference during his visit whether some of the complaints he had presented to the Japanese government had been based upon misunderstandings.

"Oh, sure," he replied. "You cannot present a spectrum of problems resulting from a series of complaints submitted by businessmen... without finding that there are some businessmen who don't get their facts right."

Asked about contradictory projections of "several billions of dollars" — \$5 billion, \$8

billion, \$10 billion and \$15 billion — that he, Mr. Olmer and Mr. Baldrige had made of the value of U.S. goods being kept out of Japan, Mr. MacDonald said that he was really not capable of making an estimate.

Why had the three officials made the varying estimates? Mr. MacDonald left that unexplained.

The other new element is an absence of acknowledgment that some of the problems between the two countries exist on the U.S. side: productivity sluggishness; poor quality control; high interest rates that have driven up the value of the dollar and made U.S. exports even less competitive in Japan; lack of efforts to sell here, and numerous social problems, including a relative decline of educational levels in the United States compared with Japan.

To the Japanese, the U.S. reaction is marked by an element of self-righteousness that did not exist when the United States pressured Japanese to restrain auto exports, a point to which Japan ultimately bowed last year.

## \$18-Billion Deficit

Failure to admit U.S. shortcomings and inaccurate estimates of the value of goods being kept out of the Japanese market have led to the impression here that the Reagan administration believes the United States' \$18-billion trade deficit with Japan last year was a Japanese creation.

Informed Americans, including officials at the U.S. Embassy in Tokyo, know that is not the case. A U.S. Embassy spokesman, asked about Mr. Baldrige's estimate that up to \$15 billion of American products were being

kept out of the Japanese market, said that the commerce secretary "must have picked that figure out of the air."

Few Japanese believe that Japanese obstacles account for a major portion of the U.S. deficit with Japan. But many Americans and a substantial number of informed Japanese do believe that Japan has erected obstacles to imports and foreign business activity here, some that they consider nitpicking.

One that they consider irritating is Japan's use of "worst case" trade practices in the United States or Europe as reasons for retaining similar barriers in Japan, and claiming that Japan's market is as open as those of the United States or Europe.

It has been argued that Japan, with its \$18-billion 1981 trade surplus with the United States and its \$13-billion surplus with the European Economic Community, should be more willing to accept imports than are the United States or Europe. The trade figures show that Japan is the principal beneficiary of the free-trade system that Tokyo says it wants to maintain.

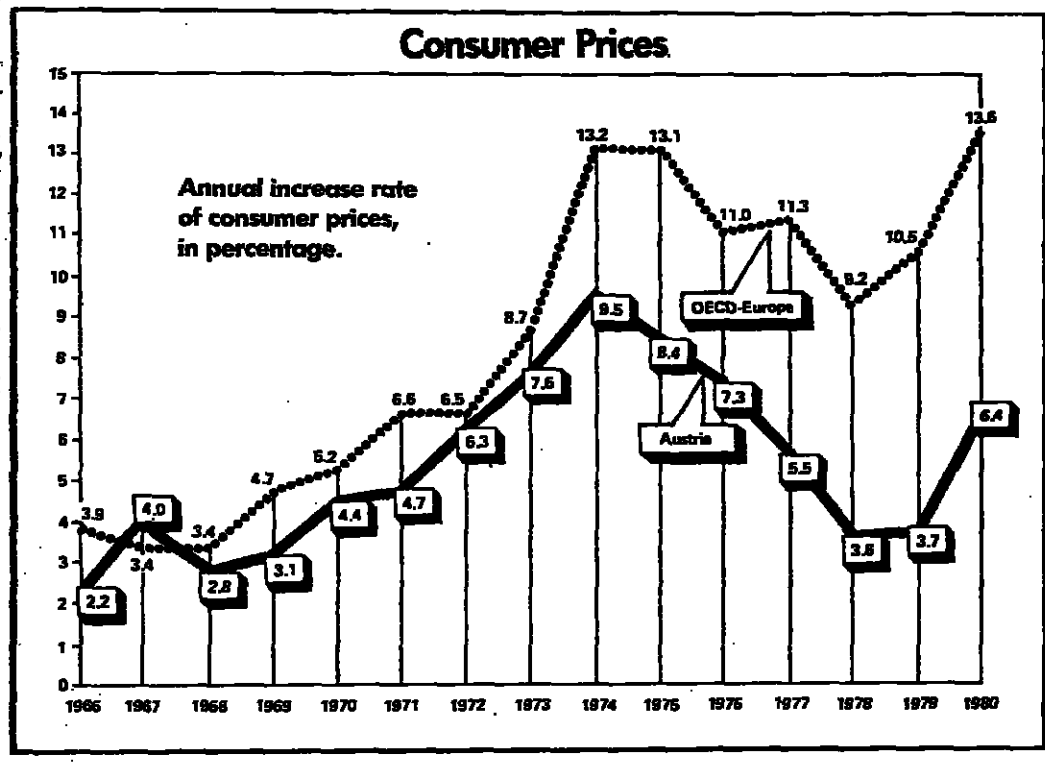
The argument is one the Reagan administration is using, and it does have an impact here. Congress' threats of protectionist legislation may have some impact, as well, because threats and pressure from the outside often serve as the catalyst for change in Japan.

But when the pressure includes factual errors, anti-Japanese emotions and suggestions of racism, it risks creating resentment and anti-Americanism without achieving the U.S. goal of Japan's removing the remaining obstacles to American products.



# Focus on Austria

INTERNATIONAL  
**Herald Tribune**  
Published with The New York Times and The Washington Post  
MARCH, 1982



## Bankers Express Worries Over Economic Situation

By David Hemmings  
**VIENNA** — No one wants it and everyone fears it: The resurgence of an economic crisis such as Austria experienced in the 1930s.

The 71-year-old chancellor, Bruno Kreisky, in the saddle now for 12 years without a break, believes it will be possible for Austria to hold its special position as one of the few countries with limited unemployment and a relatively low inflation rate if "we all treat each other sensibly."

His remark, made pointedly in a radio broadcast to the nation earlier in March, came only days after a series of indirect attacks had been made on his Socialist government's economic and monetary policy by some of the country's leading bankers. They indicated that Austria was, at best, entering an ice age of prosperity.

In his annual address to the Association of Austrian Bankers, Stephan Koren, president of the Austrian National Bank and himself a former (conservative) minister of finance, handed out a frosty warning.

**Chancellor Bruno Kreisky says that relatively low unemployment and inflation rates can be maintained if 'we all treat each other sensibly.'**

The most obvious example of this syndrome is Laenderbank, Austria's other main joint-stock bank in which, like Creditanstalt, the state has a majority interest.

Laenderbank experienced a serious setback last year with the collapse of two large companies it had been financing, leaving a gap of 4.2 billion Austrian schillings in the bank's balance.

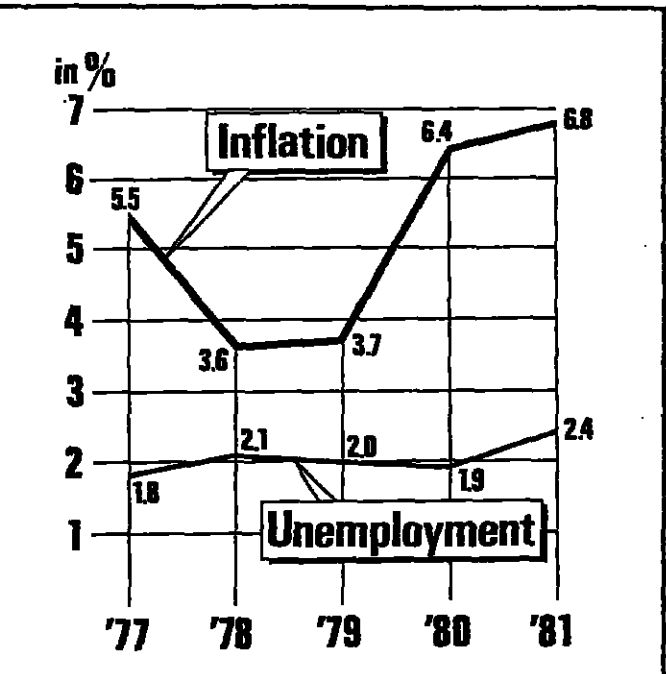
The new man put in to deal with the crisis, chief executive Franz Vranitzky, took firm measures to stop the rot.

The state or, as he prefers to see it, "the majority shareholder," was approached for an interest-free loan. The resulting face-saving operation will enable the books to be balanced and even dividends paid.

Parallel streamlining measures are being introduced to modernize Laenderbank's somewhat antiquated image.

"Less diversification and more consolidation," is how Mr. Vranitzky sees the immediate need. Early this year he took the first available opportunity for Laenderbank to opt out of a 40-percent participation in the Banque Continentale de Luxembourg S.A. after it had become clear that the largely Deutschmark-business done in the Grand Duchy could equally well be handled from Vienna.

However, Laenderbank's thriving business with the Middle East, conducted through its own representative office in Amman for the past 20 years, is being intensified. Mr. Vranitzky said: "We are the



## Nation Turns Haydn's 250th Anniversary Into Wide-Ranging Musical Celebration

By H.C. Robbins Landon  
**EISENSTADT** — Joseph Haydn was born 250 years ago, on March 31, 1732, in Rohrau, a small town in lower Austria that is now a few miles from the Czechoslovak border.

The many celebrations in Haydn's native country this year include concerts, operas, television documentaries, 50 programs on the Austrian radio and a large exhibition in Eisenstadt. Six Haydn operas are being staged in Austria this year. They are:

- "La fedelta premiata," which is currently being given in Vienna by the Wiener Kammeroper.
- "Orlando Paladino," to be performed at the historic Theater an der Wien (where Beethoven's "Fidelio" was first given in 1805) in June.
- "L'isola disabitata," to be put on at Hohenems Castle near



Bregenz as part of the Summer Festival.

certs in Haydn's lifetime, on June 20 and 22.

- "La vera costanza," to be staged in the famous 18th-century theater at Schoenbrunn Palace on Aug. 31.
- "Die Feuersbrunst," a puppet opera, is scheduled in Eisenstadt and Vienna.

Haydn was Kapellmeister to the Princes Esterhazy from 1761 until his death in 1809. For years he lived in Eisenstadt, a small town 30 miles from Vienna that until 1921 was a part of Hungary.

Here, in Esterhazy Palace, not only the opera but many concerts will be given either in the small Empire Room (suitable for chamber music) or in the great hall, now known as the Haydn Hall.

But the most important event in Eisenstadt will be a large-scale exhibition entitled "Joseph Haydn" (Continued on Page 115)

As guardian of the nation's currency and an acknowledged protagonist of a hard schilling policy, Mr. Koren cautioned against what he called "immoral advances" being made to the Central Bank to print more money.

**Temporary Solutions**

They were designed, he said, to give the impression that "those concerned" considered it time to exchange the ill-fitting jacket of stability for the more comfortable overcoat of a little bit more inflation, which might cover up a few unpleasant symptoms — but only temporarily.

In the long run this could only lead to a massive loss of confidence, confidence which, Mr. Koren insisted, is needed when one wants to borrow abroad (which Austria can still do, with a triple-A rating).

At the same bankers' forum another former (Socialist) minister of

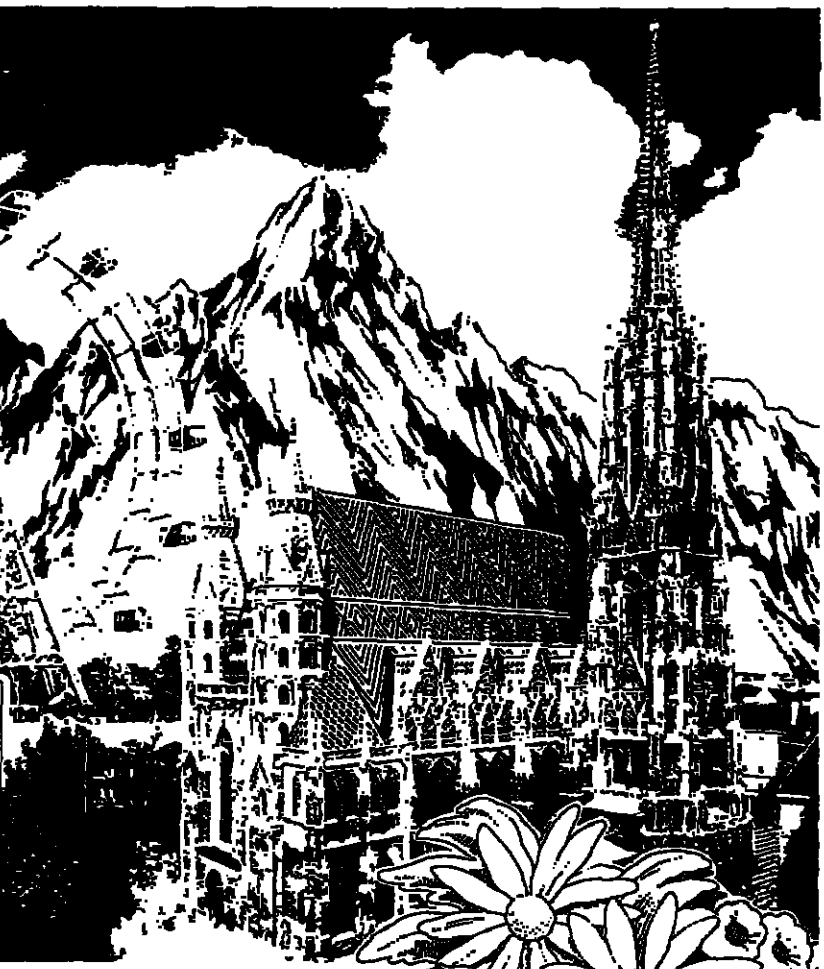
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## 'Partnership' Results in a 3d 'Miracle'

Henry Owen, former U.S. ambassador-at-large in charge of preparing economic summits, is a senior fellow at Brookings Institution and a member of The Consultants International Group.

By Henry Owen

**D**ID you know that the Japanese and West German "economic miracles" have been overshadowed by a third? No, not Switzerland, which also has its problems, but Austria.

There has been only one discernible major difference between the policies of Austria and those of other less successful countries: The social partnership has brought Austrian labor and business together to address common economic problems and restrain wage and price increases.

The arrangement is voluntary; the key actors are private leaders, not government officials; and there are no sanctions.

This policy will soon face its severest test as Austria faces the recession, but it has worked for more than a generation, enabling Austria to fight inflation successfully without stifling growth.

**Attitudes of Labor**

This partnership's success has owed much to the nature and attitudes of the Austrian labor movement. That movement is powerful, disciplined and highly centralized. More importantly, it is treated as a full partner.

Through a rather modest Austrian variant of German codetermination, Austrian unions have the right to offer advice about how



Photo by David Hemmings



## UP-FRONT POLICY

Austrian Chancellor Bruno Kreisky, 71, makes a point of being accessible to the media. Here he holds forth at an informal "press foyer" after a cabinet meeting in February.

(Continued on Page 115)



## Focus on Austria

### POINT OF VIEW: Assessing the Impact Of Economic Policy

By Ronald Barazon

VIENNA — Austria has experienced a decisive turn in recent months. The country's economic situation has deteriorated markedly, and there are no signs of an improvement. A few years ago, a British magazine carried a long report on Austria correctly titled, "A Small House in Order." Today, unfortunately, "Paradise Lost" seems appropriate.

The outward sign of the critical stage is a precipitous rise in unemployment within a few months, from 70,000 at the end of October, 1981, to just under 160,000 by the end of January, 1982, with a total of 2.8 million employed. A closer analysis shows that this is not a seasonal occurrence in construction. More than 100,000 persons outside the construction sector were the large majority of those looking for work.

This fact is in contrast with the maintenance of full employment in the 1970s, when Austria managed to prevent the labor market from being strained although the two oil shocks and other worldwide difficulties fully affected this country also. Unemployment rates were always about 2 percent, and the winter periods did not bring any threatening swings.

The new development can be attributed to a change in economic policy. But an important factor needs to be emphasized — being jobless in Austria really means hardship. Unlike many other countries, Austria has modest unemployment benefits, ranging from 5,000 to 6,000 Austrian shillings monthly, as a rule. Moreover, these amounts are only paid every six months. After that, state aid drops to a trifle.

#### Little Abuse

Low unemployment benefits have always been an asset of social policy. No one can live well on the benefits at the expense of the community, and therefore an inclination, widespread in many countries, to abuse the social institutions in this area has not developed.

The secret of Austria's success in the postwar years consisted of a large-scale and generous promotion of economic development. This was the attitude prevailing in the reconstruction period, when the country was governed by a coalition of the Austrian People's

Party (ÖVP) and the Socialist Party (SPÖ) and led by the conservatives. This attitude was retained when the People's Party formed a one-party government in 1966. And when the Socialists came to power in 1970, they devoted themselves totally to expansion.

The foundations of the success were low unemployment benefits, and economic policy measures ensured a sufficient number of jobs. It has been jeopardized, though, for more than a year. The left wing has gained the upper hand in the Socialist Party, which is still in power. Those responsible now have been causing problems in the Austrian economy for months.

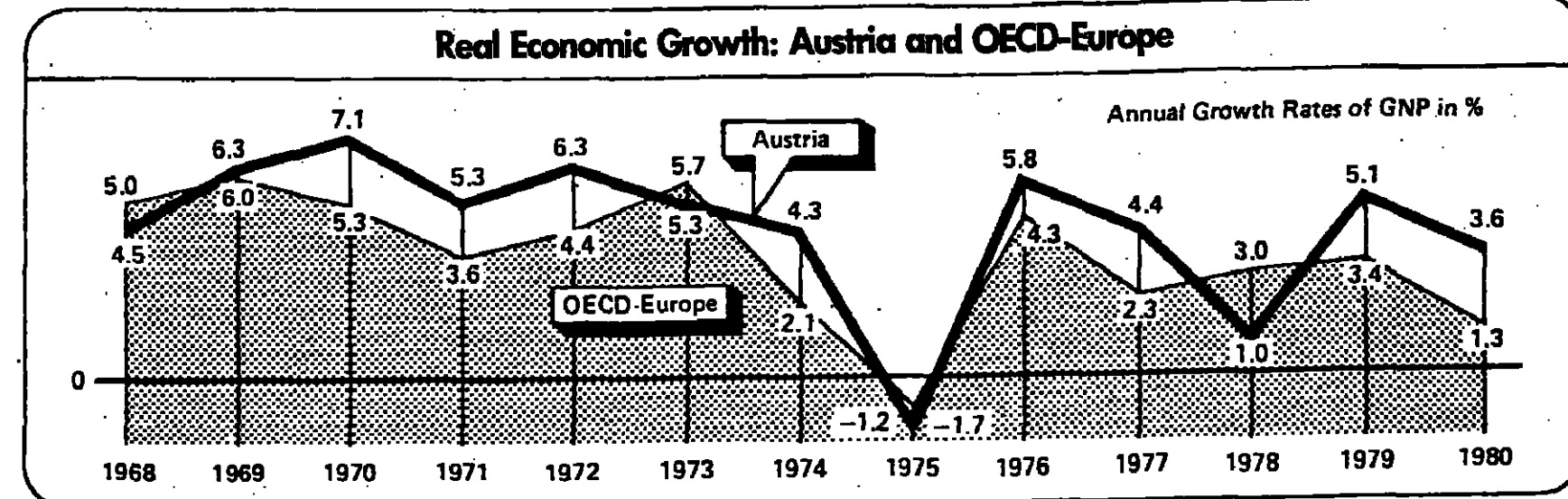
Abroad, the change is not yet discernible. The image foreigners have of Austria continues to be dominated by the personality of Chancellor Bruno Kreisky. However, Mr. Kreisky is ill. The number of events the politician cannot attend is growing. It was particularly striking that Mr. Kreisky was unable to be present at the big North-South conference in Cancun, Mexico, because he had made every effort to ensure that it materialized.

#### Key Positions

In Austria, it is the finance minister who plays the most decisive role in economic policy. And in the 1970s, this key position was held by the liberal Social Democrat Hans E. Androsch, who has a close intellectual and human relationship with the West German Chancellor Helmut Schmidt. As Mr. Kreisky's deputy, Mr. Androsch pointed the way to pragmatic solutions for the Austrian Socialist Party.

For years Mr. Kreisky and Mr. Androsch were harmonizing political team. It broke apart for various reasons. Those who know the two personalities feel that the decisive factor was the great success of Mr. Androsch in economic policy, in the party and with the population. The student had outgrown the mentor, and the party was faced with the question: "Kreisky or Androsch?" The decision was in favor of Mr. Kreisky.

Mr. Androsch was made director-general of the largest Austrian bank, Creditanstalt, and Herbert Salcher moved to the Ministry of Finance. Mr. Salcher has brought about the shift to the left. The previous large-scale and generous promotion of economic development has been condemned as wrong. In-



stead, the aim is for as much control as possible. "Selection" is the new motto.

Here is an example to illustrate the new course: Up to the end of 1980, the burden of high interest rates — oppressive even then — was alleviated by interest subsidies for capital investment. At the beginning of 1981, when interest rates were climbing to new highs, these broadly effective interest subsidies were discontinued and a 1-billion-schilling promotion plan with precise guidelines was launched. To define the proportions, it is worth noting that industrial capital expenditure in Austria must total about 35 to 40 billion schillings a year.

Austria's new economic policy is operating along similar lines in the construction sector. And it appears grotesque that the 1982 federal budget contains fewer funds earmarked for capital investment than that of 1981, although economic activity has declined considerably. On top of that, the 1982 deficit, measured against the budget data, will increase by 20 percent from 50 billion to 60 billion schillings.

The larger deficit and lower public capital expenditure are also due to a shift of political accents to the left, as can be shown by a further example. Social security benefits have continued to increase over the last few years, yet the state's subsidies paid to the social security institutions have remained more or less at the same level, 25 billion schillings. In 1982, there will be a jump to 31 billion.

As is the case in most countries, social security costs account for a substantial share of the national budget deficit. This was also true in the 1970s and the 1960s. But the subsidies, which were already exorbitant, have been allowed to ex-

plode. At the same time, however, the finance minister states that he does not have any money at his disposal for tax relief or grants to the production sector.

#### Taxation of Enterprises

Moreover, taxation of enterprises is being tightened. A number of exemption provisions have been done away with, and tax auditing has been intensified. But this is happening in a stagnation period with a surge of bankruptcies still aggravated by pressure from the tax collectors.

Employees have been given a bonus in this situation — an income tax reform, which will mean modest monthly relief to the individual. The cost to the state will be 6 billion schillings.

It is interesting that last year only those two countries whose governments stimulated growth actually achieved attractive growth rates — Japan and France. Austria stagnated in 1981, as did most industrial countries.

When judging a country, one should not regard its economic policy as the sole decisive factor. Success is determined by the strength of the enterprises, as well as by the social climate. And, in this respect, Austria has a number of assets.

#### Cooperation

First, there is the close cooperation of the "social partners" (employers and employees). For more than 30 years, a combination has worked well that is unique throughout the world and through which social strife can be avoided for the most part. The visible sign of its success is the fact that there are virtually no strikes in Austria. This climate in the economic sector is also reflected in politics. The inevitable party disputes are al-

ways moderated by the consensus of the "social partners."

The second asset is the fact that small and medium-sized enterprises prevail in Austria. Contrary to the view, held for a long time, that only big combines can guarantee economic success, practical experience has proved small and medium-sized businesses to be more flexible. Quick adjustment to changed conditions is frequently easier than in huge companies.

Small firms also benefit from recent technological developments; microprocessors are bringing about fundamental changes in many costing principles. Production that was profitable only with large numbers of units a few years ago can now be successful with smaller sales as well. Thus the era of small and medium-sized firms is dawning, thanks to the microprocessors, and Austria already has the suitable business units.

Probably the best way of gauging the resistance of a national economy is to check how it has coped with the oil crisis. Austria's adjusted current account deficit was 18 billion schillings in 1979, when Austria, along with all other countries, was hit by the second oil shock.

The 1980 oil bill exceeded that of 1979 by 16 billion schillings. And the current account deficit rose to 21 billion schillings in 1980. If the second oil shock had not occurred, Austria would have overcome the effects of the first oil price surge by the end of the 1970s, when full employment was still intact and growth was rapid.

#### Dollar Exchange Rate

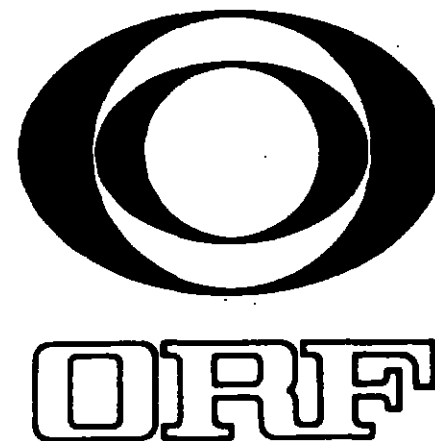
The 1981 deficit on current account amounts to 16.2 billion schillings — another adjustment success, if less pronounced than was expected in the course of the year. As there are far more imports

— notably oil — invoiced in dollars than exports, the rise in the dollar exchange rate prevented a spectacular improvement, which would have helped the easing of oil prices. Nevertheless, 16.2 billion schillings, with a gross national product of 1,000 billion schillings, is certainly not an alarming figure.

In contrast to previous years, the Austrian scene in 1982 is contradictory. While economic policy

is running out of control, the country is definitely capable of succeeding in the 1980s. It remains to be seen whether it will actually turn into "Paradise Lost" or whether the house can show itself in order again.

Ronald Barazon is the senior editor of Salzburger Nachrichten.



### On the Air

VIENNA — In Austria, television and radio broadcasting are operated exclusively by the Österreichischer Rundfunk (ORF), a public corporation.

There are two full color television channels that operate 19 hours a day and three national FM/AM radio networks. But nine local radio stations and an English-language station in Vienna, the Blue Danube Radio, provide an additional 140 hours a day.

There is, in addition, an international radio that broadcasts a combined total of 28 hours daily in English, French, German and Spanish.

The ORF has a staff of approximately 3,200 and its annual budget is 4.2 billion schillings. Sixty percent of ORF revenues come from license fees and 40 percent from advertising. —D.H.

### Islam Center Is a Site for Discussion

Special to the IHT

VIENNA — Vienna's Islamic Center, which opened in 1979, explains Islam to non-Muslims and serves the Islamic community in Vienna. It is estimated that there are 50,000 Muslims in Austria, almost 20,000 of them in Vienna.

Financed by the Saudi Arabians, the religious and cultural center is administered by the 18 Islamic countries that have diplomatic representation in Austria through a foundation set up for that purpose.

Wassif Mahmud, the center's director, views the center as a meeting place for Muslims and a contact point for non-Muslims. It provides an opportunity to introduce Islam to the Austrian people in order to build a better cultural background between the Muslim religion and Christianity.

The center's architecture is simple and modest. Its wide central stairway is inviting and its windows are neatly ordered. A first impression of flatness is broken by the gently swelling dome that can barely be observed in the gloom before the eye is thrust toward a slender minaret.

Inside, a feeling of spaciousness is created by the bare walls and lack of furniture that force the eye to wander over lush carpeting.

The large mosque directly across the hall from a smaller one in a single room with a balcony. The large mosque, in contrast with the small one, is used for the communal Friday prayers led by the imam.

On weekdays there is no communal prayer, so the faithful pray at home or go to the small mosque. Only the words of God are represented in the place of worship, so the floor is covered with carpets and the walls with geometric patterns. There are no statues or paintings. A single chair stands near the Mihrab, the niche where the imam leads the prayers.

The center offers an opportunity for children to attend a school on weekends where they can learn their native Arabic, and about their religion.

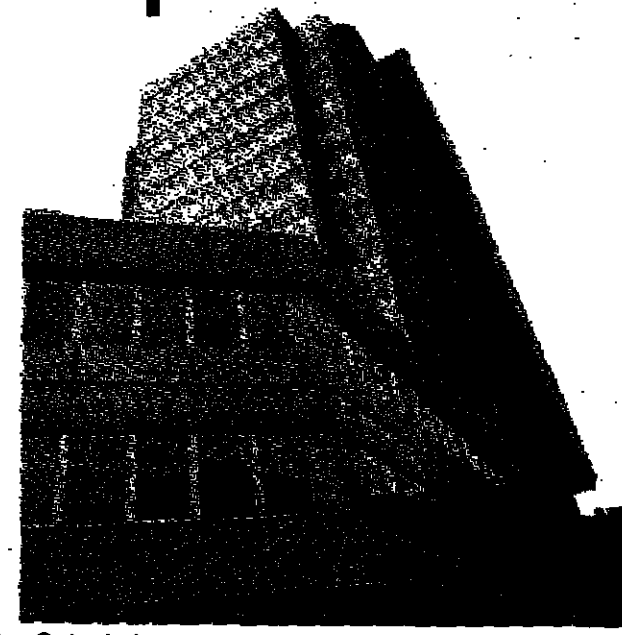
It is also a meeting place. Last year Wien International, an organization of foreigners living in Vienna, held a series of lectures, excursions, literary evenings and musical evenings, pointing up the influence of Islamic culture on the Austro-Hungarian Empire.



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## Focus on Austria



The village of Traunkirchen, nestled beside a lake in the Salzkammergut district.



Hoellen-Geirg range in the Salzkammergut forms the backdrop for a rustic scene.



Clock tower overlooks the picturesque city of Graz.

## Tourism: The Problem Is Deciding Where to Begin

VIENNA — The campaign to attract visitors to Austria, with its mountains and lakes, food and wine, festivals and exhibitions, starts on New Year's Day and goes through all the seasons without a break.

When hundreds of millions of TV viewers throughout the world are watching the Strauss Dynasty concert given by the Vienna Philharmonic, conducted by Lorin Maazel, or the equally popular Springtime show by the Vienna Symphony, conducted by Gennadi Rozhdestvenskiy, the intervening shots of Schoenbrunn Palace or of the sunny banks of the Danube evoke sights from even the most hardened, seen-it-all globe-trotter. And for sports enthusiasts, much the same sort of response can be expected when the Austrian Formula 1 Grand Prix event in Zeltweg, or the first of the season's ski races flashes over the screen straight from the Tiroler Alps.

Tourism is trumps in Austria, where a large part of the trade deficit is offset by money from foreign visitors — over 14 million of them every year, twice the size of the actual population. Economists and ecologists never cease worrying about the effects of the annual invasion. Industry and agriculture both do well, despite ups and downs. The vacation business is marked by constant growth.

Seen from the incoming tourist, the problem is to know where to head for when arriving by road, rail, air or water (you can actually sail in from West Germany on comfortable river cruises run by

the DDSG (Danube Steamship Company). It is a good thing to make up your mind in advance because once you are here the choice is positively bewildering, and made worse by the fact that each of the nine provinces of Austria handles its own publicity on a competitive basis.

**Accommodations**  
Broadly speaking, there is something to suit every pocketbook. There are enough super-luxury hotels (several of them in palaces and castles), to answer the needs of the money-is-no-object jet-setter in all corners of the country. The hardened international traveler, who likes his standard comforts, can find perfectly impersonal tower-block honeycomb havens in Vienna, Linz, Salzburg and Innsbruck as well as, soon, in Graz.

The level of cleanliness and comfort in country inns and pensions, generally at a price which is unbeatable when translated into dollars or pounds, is uniformly high. And for thrifty family holidays, farmhouse accommodations (often in self-contained apartments) are booming, with the area of Lower Austria (surrounding the capital) being the best bargain.

In a category of their own are the traditional resorts offering health or spa facilities. Spot them, more often than not, by the word *bad* prefixed to their name. "Taking the waters," in the broad sense, is still popular even though, or perhaps because, the Palm Court image of the *Kurort* has changed. Badgastein, where Chancellor Bruno Kreisky spent his Christmas

and year-end holiday, is now a thriving winter-sports center.

The invigorating thermal-water treatment and massage mix well, it seems, with *Schuss* and *apres-ski* activities. Badgastein, this past winter, had an outstanding 10-percent increase in visitors, although the previous season was also a record. The fact that Middle Eastern potentates have latched onto the 1,080-meter-high town's attractions (including a casino) may have something to do with these statistics.

**Other Attractions**  
Less sophisticated, but steeped in history, is Bad Ischl at the heart of the Salzkammergut mountain-lake district. Here Emperor Franz Joseph spent his summer vacation for 60 consecutive years. His hunting lodge, the Kaiservilla, can still be viewed. If you are lucky, you might even be shown around by the Hapsburg emperor's great-grandson, the present owner.

And if you are looking for another reason to visit Ischl, try Zauser, probably the most exclusive pastry shop in Austria, not excluding rival establishments in Vienna. Zauser, once "by appointment" to the imperial court, is currently celebrating 150 years of service to sweet-toothed visitors. Its very own brand of *stollen*, a crunchy, chocolate-and-nut concoction, and its delicious cream cakes — 200 varieties of the pastry cook's art in all — can easily induce the most ardent dieters to abandon their principles for a while.

Perhaps the next stop should

be Warmbad Villach, a regular haunt for maestro Leonard Bernstein, where the attraction is not only the super-abundant springs but the courses of "biotasting" coupled with *Naturkuche*. This is the Austrian answer (now available in 17 chosen resorts) to *nouvelle cuisine* with organic foods, no fatty cooking, honey for sweetening instead of refined sugar, and mainly vegetable protein and fish in place of meat.

This is not to say that conventional fare gets short shrift. On the contrary, The Gaul-Millan gourmet guide to Austria lists no fewer than 650 selected establishments. Although the often-witty comments in the 1982 edition are only in German, a study of the symbols (identical with G-M guides for London, New York, France, etc.) will ensure a good meal at a known price.

If usually reliable sources are to be believed, then a new factor will soon emerge in the Austrian restaurant field. The Casino Society, which operates 10 gaming establishments in various parts of the country (including a new one in the city of Linz), is now entering the catering business in a big way as an added inducement to would-be gamblers. The new ambivalent motto is: "Why not come and sit at our table!"

It is only fair to add that the Austrian casinos (state-controlled) maintain a highly respectable image. Their aim is to provide an evening's entertainment at a cost comparable to that of a good opera ticket.

For anyone who knows Austria, it is clear that music in its various forms constitutes the prime attraction this year as in the past. Haydn is the big name in 1982, but Mozart comes into his own, as usual, during the summer festival in Salzburg, which features "The Magic Flute," conducted by James Levine and "Così Fan Tutte," conducted by Riccardo Muti. The concurrent Bregenz Festival will be mounting "The Gypsy Baron," by Strauss, on the Lake Constance stage, and Donizetti's "Lucia di Lammermoor" in the Festival Theatre.

Chamber music buffs can take their pick of the Lockenhaus Festival (with violinist Gidon Kremer) and, for example, the Carinthian Summer (based in Ossiach) with leading guest ensembles from all parts of Europe as well as the Cleveland Quartet from the United States.

Art and history are intermingled in the main exhibitions announced for the summer and autumn season. The 1,500th anniversary of the death of St. Severin is being marked in Enns, Upper Austria, with a show illustrating the achievements of this extraordinary personality. Krems, in Lower Austria, is putting together what promises to be a unique exhibition devoted to "Francis of Assisi" on the 800th anniversary of his birth. And for real connoisseurs, the National Library in Vienna is demonstrating 500 years of book printing in Austria with many precious examples from its renowned store of incunabula.

— DAVID HERMIGES

## Pastry: Knowing When to Stop

By Mark J. Kurlansky

IN VIENNA, capital of the old Empire, where history and geography have converged to create intrigue and secrecy about almost everything, there is a safe that contains 250 cookie recipes and about 55 cake and pastry recipes.

They are the exclusive property of Demel. In what is probably the best pastry city in the world, Demel is acknowledged as the best house. Try as iconoclasts may to topple its standing, there seems to be nothing its equal.

Pastry in Vienna is found in a *Konditorei*, a place to read a newspaper or meet over a cup of coffee and a pastry or a variety of canapés and cold plates. The 195-year-old Demel, in its elegant

*In Vienna, you don't have to look far to find a choice selection of the best...*

rooms of wooden paneling, mirrors and chandeliers, is, in typical Viennese fashion, said to be "much more than a *Konditorei*" (just as the Staatsoper is said to be more than an opera and Sacher more than a hotel).

Tradition counts for a lot in Vienna, and Demel is one of the bastions of it. The waitresses have through the eras created their own grammatical form of German, a kind of neuter third person, to avoid insulting unrecognized royalty who might drift in. Today, new employees are still trained to address customers in *Demelsprache*.

The pastry itself is what built the reputation. Some are found nowhere else, such as the *Fragilite* (two hazelnut wafers sandwiching a nut cream) or various tortes, which still bear the names of the royalty for whom they were created. The Dorry Torte, for example, named after a Baron Dorry, is a shell of cake filled with a chocolate mousse that would be unbearably rich if it were not so light.

Of course, as everyone knows, there are spies in Vienna and pastry ideas get around. Though the Sacher hotel still guards the original recipe, the *Sachertorte* has been stolen and imitated by everyone (including Demel). Certain traditional pastries such as apple strudel and *Punschorte* (a rum cake) are made everywhere.

Gerstner, a 130-year-old establishment that caters state and society affairs (such as the annual opera ball) makes a light cream torte with a hazelnut crust under it and good bitter chocolate on top — *Schwarzwalderkorte* (not to be confused with the well-known cherry confection also named after the Black Forest). L. Heiner, owned by the family that founded it in 1840, specializes in a chocolate and meringue cake, *Stefanietorte*.

One *Konditorei* that does not guard its secrets is at the new recreation center at Kurpark Oberlaa at the southern edge of town. Even more than the location, this establishment has the important Viennese disadvantage of being only seven years old.

The head chef, Karl Schumacher, who apprenticed at Gerstner, wants to build his reputation by giving away recipes. He hopes that his specialty, a flourless hazelnut cake called *Oberlaakurbadortie*, will someday be as common as *Sachertorte*.

Viennese pastry is expensive to make and a number of the old houses have sold out to foreign corporations to survive. Demel is owned by a Swiss company and Gerstner by a German one.

Demel uses 800 to 900 eggs and about 300 pounds of butter each day. A small party could be catered nightly on the pastry thrown away to assure the quality of everything sold. The staff numbers 90, more than a third of which makes the pastry. Staffs must be large because the work is so specialized.

Some addresses in Vienna: Demel, Kohlmarkt 14; Oberlaa, Kurbadstrasse 10; Gerstner, Karntnerstrasse 11-15; Lehmann, Graben 12; L. Heiner, Wollzeile 9 and Karntnerstrasse 21-23; Sluka, Rathausplatz 8.

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## Focus on Austria

### Low-Tar-Cigarette Drive Is in High Gear

By David Blow

VIENNA — The Austria Tabakwerke will be celebrating its bicentennial in 1984. The state monopoly was set up by Habsburg Emperor Joseph II two years before Mozart completed the "Marriage of Figaro" and is the oldest surviving tobacco company in Europe.

The uncertainty that hangs over the tobacco industry generally is barely discernible at Austria Tabakwerke, which is preparing to enter its third century in a mood of quiet confidence.

It had a very good year in 1981 with turnover up 7.16 percent to a record 14.25 billion Austrian schillings and is also having increasing success in export markets, which is especially important in view of the relatively small size of the domestic market.

Much of this success is attributable to the company's concentration over the last 20 years on developing and marketing milder brands of cigarettes. It anticipated, earlier than most, the changeover to filter cigarettes and the priority it has given to promote these cigarettes is the reason why they now account for 96 percent of all cigarettes sold in Austria — the highest market share in Europe.

At the same time, the company has worked hard at reducing tar and nicotine levels while retaining the essential qualities that make



#### FANCY SMOKING

These 18th-century pipes are today valuable collector's items: man's head, a horse, and an Austrian cavalier with helmet.

smoking, for some at least, a pleasure.

Between 1960 and 1980, the tar level in the average Austrian cigarette was reduced by 57.8 percent and the nicotine level by 71.6 percent.

This effort is continuing and at this year's Autumn Trade Fair in Vienna, Austria Tabakwerke will launch the first of what it calls "the new generation of cigarettes." This will be a filter cigarette with

half the usual proportion of tar to nicotine.

About one-third of total production is exported. The star performer in the export markets is the brand known as Milde Sorte, which has become a best seller in many European countries. It is also produced, under license, in Japan and has just been launched into the market in Saudi Arabia and the Gulf States, where first reactions have been encouraging.

Besides Milde Sorte, Austria Tabakwerke produces 19 other cigarette brands of its own, manufactures 15 under license and imports 22 brands. The best-selling foreign brands in Austria are Marlboro and the West German HB.

Cigar smoking has not declined as much in Austria as in other countries. In recent years, Austria Tabakwerke has found a revival of interest at the top end of the market and has extended its range of high-quality cigars with notable success.

The company's faith in the cigar market is evident from the impressive selection it offers. It produces no less than 34 brands of cigars and cigarillos of its own and is bringing two more into the market in the course of the year. A new filter cigarillo called Mokka is due in the spring and a new high-quality cigar called Falstaff in the autumn. In addition, the company manufactures five brands under license and imports 22 others.

#### Marketing Importance

In Austria, the company's products are mostly marketed through concessionary tobacconist shops, which are easily identifiable through their familiar red-and-white Austria Tabak signs. The tobacconists enjoy a comparatively generous profit margin of 14 percent, and a preference on concessions is traditionally given to invalids.

In all, about 30,000 people in Austria depend on the Austria Tabakwerke for their livelihood. The majority are tobacconists and the rest include the company's own employees and, somewhat surprisingly, 440 Austrian tobacco farmers, although these supply only about 2 percent of the company's tobacco requirements.

This is an indication of the Austria Tabakwerke's importance to the economy. Its turnover also makes it the country's third largest industrial enterprise and it contributes as much as 6 percent of total tax revenues.

The government has moved cautiously in imposing measures to discourage smoking. In December, however, an interministerial agreement was drawn up which requires the Austria Tabakwerke to put a government health warning on all cigarette packs and advertisements by October of this year. The government resisted considerable pressure to abolish cigarette advertising. The agreement obliges the Austria Tabakwerke not to market any new cigarette with a tar content higher than 24 milligrams and to continue its policy of promoting mild cigarettes.

At the same time, the Austria Tabakwerke produced a new advertising code of its own, which imposed further restrictions. Among other things, the amount of advertising is to be limited and various kinds of advertisements likely to encourage the young to smoke are prohibited.

#### Diverse Activities

This sense of a wider social responsibility, if it can be called such, is also reflected in some of the Austria Tabakwerke's other activities. These range from the sponsorship of one of Austria's top soccer teams, Memphis (named after a cigarette brand), to the organization and financing of an annual Schubert festival in Vienna, the popular Schubertiade.

The Austria Tabakwerke has also created a fascinating tobacco museum, which a visitor to Vienna should not miss, if only to see the collection of ornate meerschaum pipes.

### Airlines Are Small, But Are in The Black

VIENNA — It is no secret that only a handful of airlines are not operating in the red. Among the elite few in Europe is Austria's national carrier, Austrian Airlines, small but efficient. A glance at its latest balance sheet shows an overall annual turnover that is roughly equivalent to the loss incurred over the same period by British Airways or, in one-third of that time, by Pan Am. The result, in 1981, was a modest but welcomed profit for the 11th year in succession for the Austrian state from the fleet of DC-9 passenger jets which carry the red-white-red colors of Austria all over Europe (east as well as west) and to many parts of the Middle East and North Africa.

Austrian Airlines has been flying McDonnell Douglas aircraft since 1971 and is in the process of replacing its original DC-9 32s with the latest DC-9 Super 80s, which have a larger seating capacity and are considerably more economical with fuel. This re-equipping — with a total of ten 135-seat jets, should be completed by 1984, and the first of two European Airbus A-310s (seating 212 passengers each) should be delivered to Austrian Airlines by this time also.

#### Careful Planning

The youthful managers of Austrian Airlines make no secret about their dedication to reducing costs while increasing services and maintaining safety standards. Their operational efficiency comes from a carefully planned business strategy that is forcefully implemented. In these days of rocketing aviation-fuel prices, of course, stringent fuel economy is essential.

Even on the original Austrian Airways jets, weight-cutting modifications and better-balanced loading have been used to reduce consumption. Flying at higher altitudes, and more slowly, also helps and (with computer-aided navigation) saves time. Parallel purchasing arrangements with Swissair (another of Europe's profit-making carriers) and joint-servicing facilities are proving beneficial to both the central European neutrals.

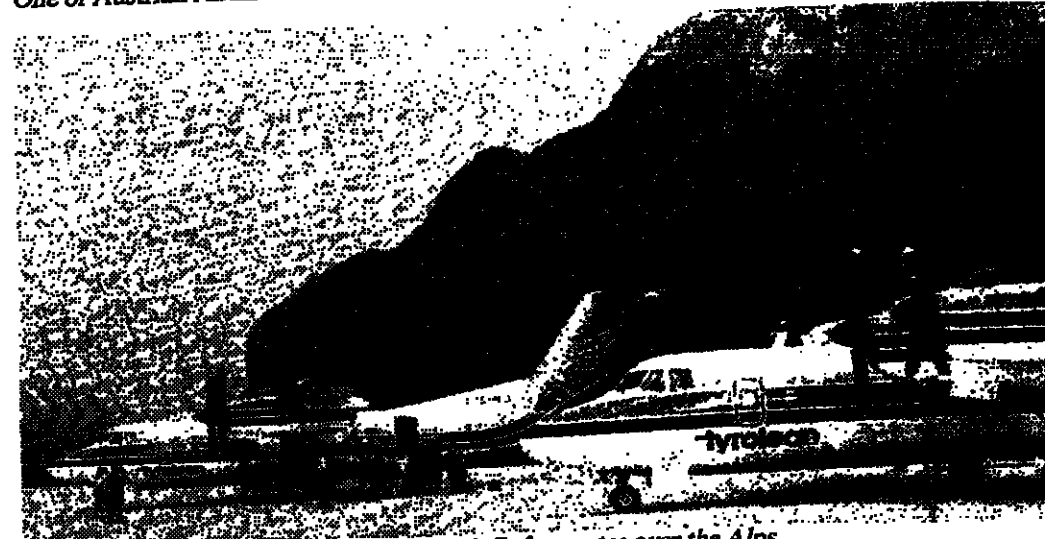
Austrian Airways has been careful, not to say restrictive, in the choice of the routes it operates. For the most part, they include only single-hop destinations in Europe timed to suit business people with tight there-and-back-in-a-day schedules. And this full-fare clientele is also the reason for its insistence on maintaining first-class facilities on regular lines, although never at the expense of tourist or APEX-class passengers who continue to be given normal on-board facilities, including food from its catering subsidiary, Airster, with its base at Vienna's international airport.

#### 42 Cities Served

From Vienna-Schwechat there are scheduled flights to 42 cities, including four destinations in Austria (Graz, Klagenfurt, Linz and Salzburg). During the last year, overseas additions have included Dhahran, Malta and Tripoli, Libya. No new lines are foreseen for 1982. There are, however, fairly constant changes being made in regular charter flights — with



One of Austrian Airlines' new DC-9 Super 80s is used on a new flight to Mombasa, Kenya.



Tyrolean Airways uses De Havilland Dash-7s for routes over the Alps.



Driving champion Niki Lauda is also a pilot for his own enterprise, Lauda Air.

Mombasa, Kenya, for example, introduced in 1981 on a once-weekly basis, including a stopover in Aswan, Egypt.

Austrian Airways policy paid off in 1981 with the highest-ever annual increase (10 percent) in sold passenger-kilometers, and an absolute rise of 6 percent in the number of passengers.

Even more sensational growth rates have been registered by an independent operator, Tyrolean Airways, which started scheduled services out of Innsbruck in April, 1980, after the installation there of the most modern instrument-landing system.

By December, 1981, 100,000 passengers had used the service, which includes three daily weekday flights to Vienna and one to Zurich. A popular recent introduction has been the 10 weekly return flights to Frankfurt, providing a

unique connection for Austrian business people with northern Germany and for West German vacationers with the Alpine holiday area of Tirol and South Tirol, Italy.

Tyrolean Airways operates these services with two De Havilland (Canada) Dash-7 four-engine turboprops, seating up to 50 passengers and needing only a 300-meter runway for takeoff. Even in harsh winter conditions, such as experienced this year, less than 1 percent of all flights had to be canceled or diverted from Innsbruck, a factor which compares favorably with Europe's big airports. In Frankfurt, Tyrolean Airways was cited, in 1981, as one of the three most punctual airlines using the Rhine-Main facilities.

For those with an urge for the unusual — and no shortage of cash — Tyrolean Airways can also pro-

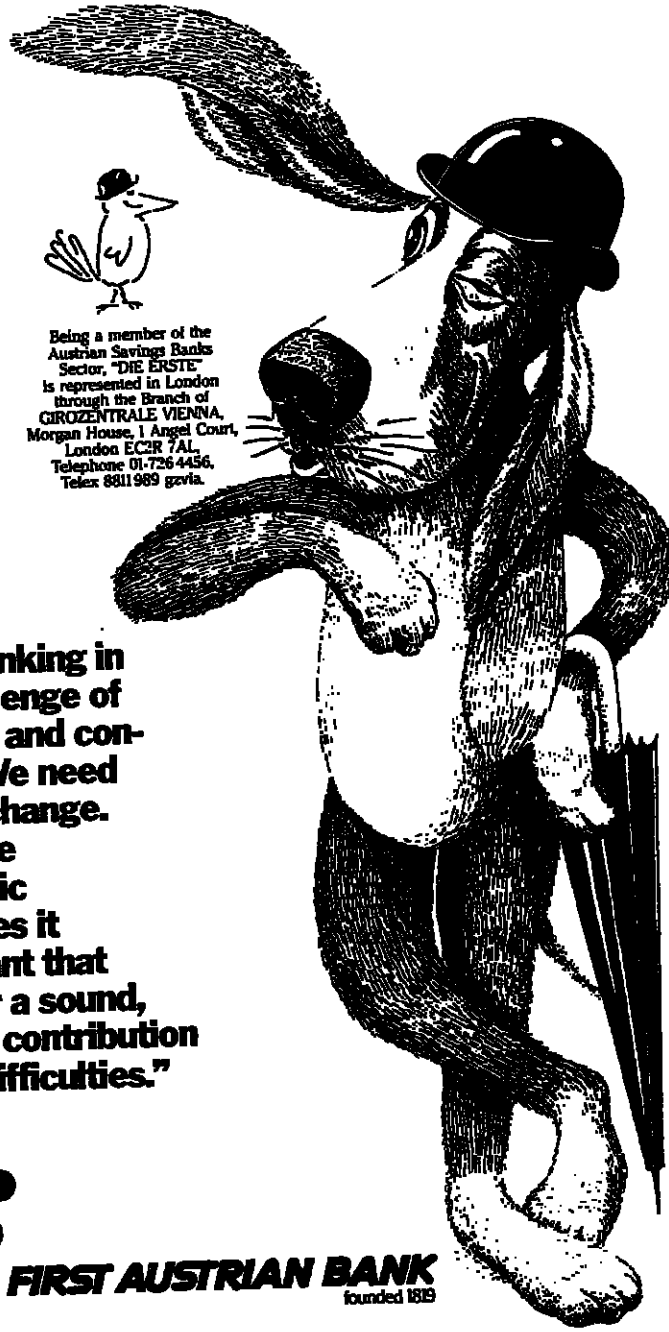
vide helicopter trips to mountain destinations on a taxi-basis, summer and winter.

On a somewhat smaller scale, the private Lauda Air (established in Vienna since May, 1980, after opening a year earlier in Salzburg), operates charter flights, using Fokker F-27 (44-seat) Friendship aircraft, mainly for travel agencies and private customers such as industrial concerns and banks.

Regular destinations include Budapest, Munich and Venice, short hauls that would not call for renting a DC-9 but for which full service is nevertheless required. And one of the attractions may be that former world champion driver Niki Lauda, the company's owner, is often at the controls, although now that he is back on the Grand Prix circuit it is more likely to be one of his other 10 pilots.

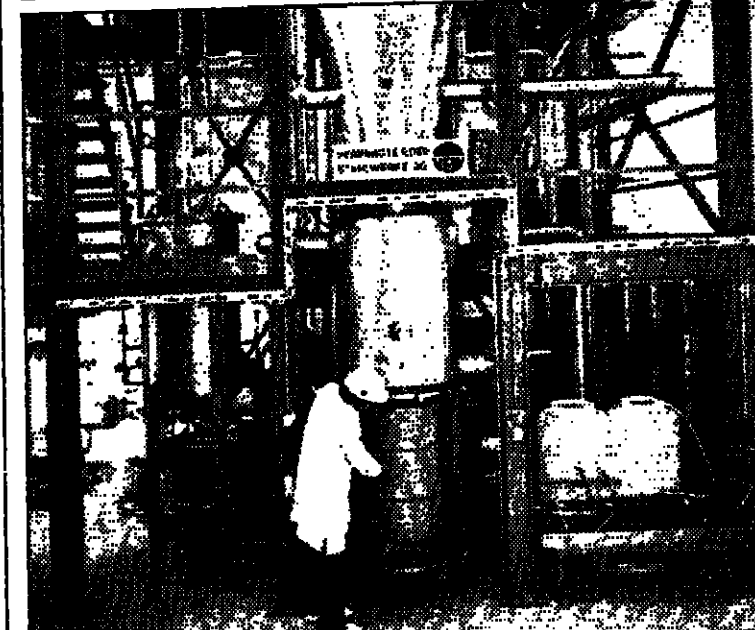
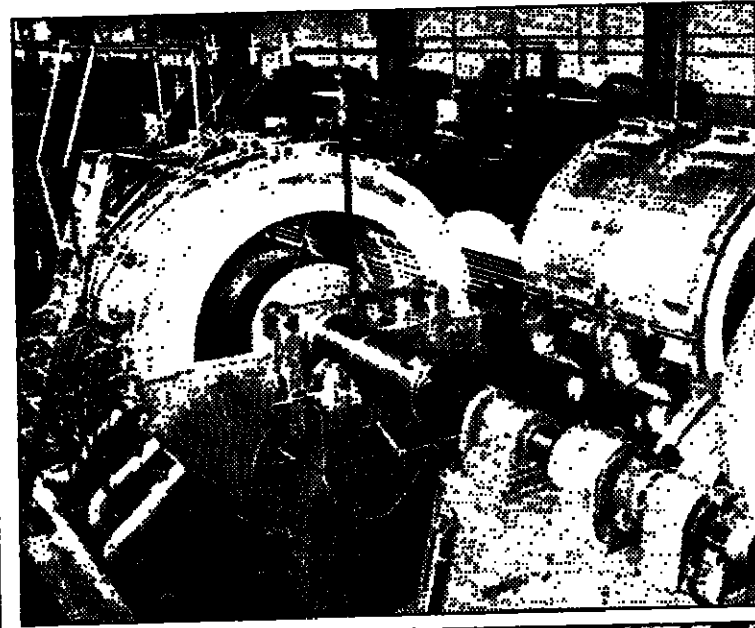
— DAVID HERMIGES

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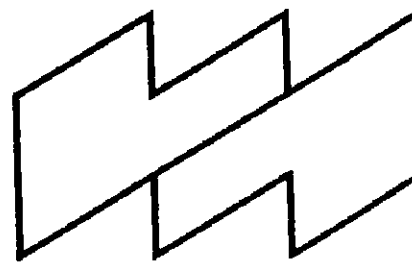
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Focus on  
Austria

## Technology's Noble Lineage

GRAZ — What does an 18th century Austrian prince have to do with present-day plans to map the planet Venus? More than the apparent historical anomaly would suggest. The Habsburg Archduke Johann, grandson of Empress Maria Theresa and brother of Emperor Franz II, demonstrated his dislike of the court aristocracy in Vienna by retiring to his estate in Styria, marrying a commoner and leading what was then a most unconventional life devoted to science and industry. His interest in technology is manifest today, among other things, in space sensors made in Styria.

Archduke Johann, the 200th anniversary of whose birth is being celebrated this year throughout his province, has become a symbol of the independent, investigative spirit of the region, which recently took the unusual step of sending its own "ambassador" to represent Styrian interests in the federal capital, Vienna.

It was the Styrian prince, as Johann is known, who is credited with introducing instruction in natural sciences to his native land by the establishment, in Graz (now Austria's second largest city), of the Joanneum Institute, which still operates as a center of humanitarian studies. It is also now a museum showing collections the archduke assembled in the course of his extensive travels. These were primarily to the countries of Western Europe where, after the Congress of Vienna in 1815, he visited on his own initiative to seek technical innovations in agriculture, crafts, mining, industry and transport.

## Exhibition, Symposium

Thanks to his efforts, Styria soon acquired a reputation, which it has retained, as a center for the latest metallurgical technology and modern mining methods. Nine-tenths of all the iron ore produced in Austria comes from the Styrian Erzberg (literally "ore mountain"). The collective memory of Archduke Johann is to be honored from May through October this year with a full exhibition of his achievements in Styria, his family castle in the heart of the Styrian wine-growing area, and a scientific symposium entitled "Archduke Johann 2000," organized by the University of Graz.

This is still a far cry from space research — or is it really? Archduke Johann's educational enterprises included the founding of one of the province's now four universities where theoretical and ap-



Archduke Johann

plied studies are pursued in the most varied fields.

In these global village days, it is manifestly impossible to compartmentalize scientific activities. Graz is just as swiftly in touch with a data-base in Minneapolis as it is with, say, the prestigious Boltzmann Institute in Vienna. And it is precisely with some of these communications links that scientists in Styria are engaged in undertaking studies that will determine development in the 21st century.

At Lustbuehl Observatory, 15 miles from Graz, the Austrian Academy of Sciences built a special ground station, in 1979, for experiments and observations in satellite geodesy and communications technology. Day-to-day financing of the observatory is provided by a unique institution, the Graz Research Center, whose dozen or so departments cover such varied fields as cryogenic engineering, geothermal energy, building physics and advanced statistical planning.

Most of this work is done on an applied basis with support from the provincial government as well as from industry in Austria and abroad. Just 10 years after its creation — previously there had been numerous small, uncoordinated societies — the Graz Research Center is now being inundated with potentially attractive commissions. The problem, as Director Herbert Raimann said, is to find the space and the staff to cope with them.

It is space research, unlikely as it may seem to anyone visiting this quiet, cultured city, in which Graz is becoming increasingly involved. At the Technical University here, wave-propagation studies are being carried out for the European

Space Agency. The results will be decisive for the way communications satellites develop in the 1990s. This is the view of the internationally acknowledged expert Wilfried Riedler, whose Institute for Communications Technology has been engaged also in specialized magnetospheric studies.

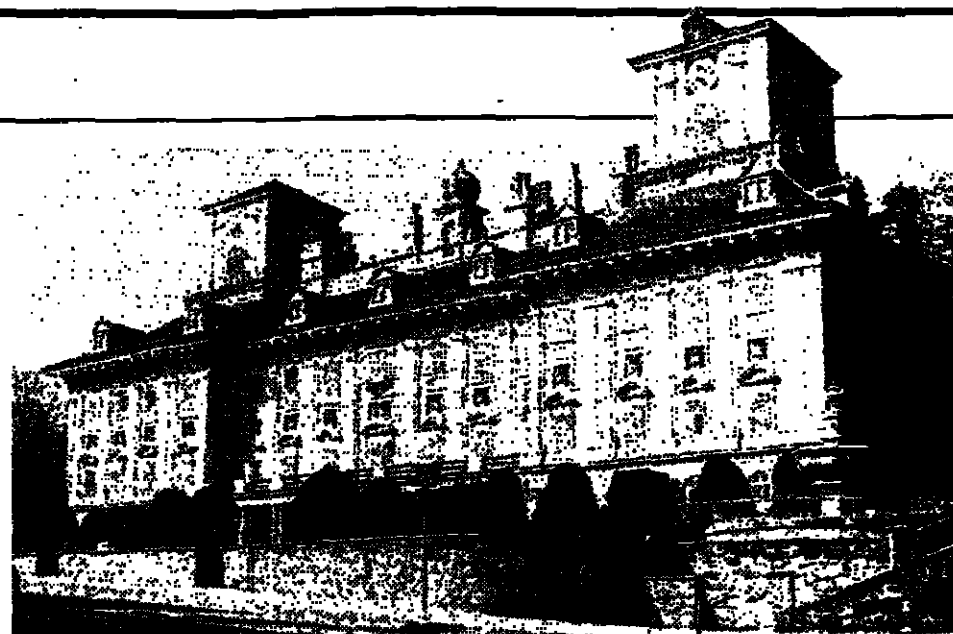
As Austrian resources alone are far too small to get the necessary results, cooperation has been sought, and found, with other comparable countries such as Norway and Sweden, and the Soviet Union, through the Academy of Sciences in Moscow. Balloons and rockets have been sent to the upper ionosphere. Two Austrian magnetometers (developed at the Institute in Graz) were on the Russian Venera space vehicle, which flew past Venus at the beginning of this month. The measuring instruments, incidentally, are similar to others that will be on the first European Spacelab put into orbit by the United States Space Shuttle.

Professor Riedler is particularly proud of the fact that his institute has now been invited to participate in another program projected for the middle of the decade. In December, 1984, the Soviet Union expects to launch two space probes with an ambitious objective: an encounter in April, 1986, with Halley's Comet, which will then be approaching and entering the solar system for the first time in 76 years, giving scientists their first opportunity to measure physical parameters near a comet. And on board the Soviet vehicle, if all goes according to plan, will be Austrian equipment supplied from Graz.

Meanwhile, in another Styrian scientific unit, work is proceeding in cooperation with the Jet Propulsion Laboratory in Pasadena, Cal. Franz Leberl, head of the Image Processing and Computer-Graphics Department of the Graz Research Center, is engaged with a group of assistants in perfecting a method of radar imagery that allows one to look through clouds and map what is "seen."

This is a new field of technology in which software has to be developed for eventual use by the National Aeronautics and Space Administration, where there is all the requisite computer-science hardware as well as the experts to cope with such tasks as completing a topographic picture, to a resolution of 100 meters or less, of the surface of the permanently veiled Venus — the only planet so far not charted.

— DAVID HERMGES



## A Haydn Feast for His 250th Anniversary

(Continued from Page 75)

Haydn in His Time," to be held in the former Esterhazy Administration Center, which has been purchased from the current prince (who lives in Switzerland) by the government of the province of Burgenland, of which Eisenstadt is the capital.

This ancient building is on the Haydngasse, a few houses up the street from Haydn's own house, which has a permanent museum dedicated to the composer. The exhibition is directed by Gerda Mraz, who was responsible for a successful exhibition on Empress Maria Theresa (given for the 200th anniversary of her death in 1980).

Ms. Mraz has secured the expert assistance of scholars from many countries, and many great museums from Britain, Germany, Italy, France and Hungary will be lending their Haydn treasures.

Queen Elizabeth II is sending one of the most famous of all Haydn portraits, by John Hoppner (1791), which hangs in Buckingham Palace, and viewers of the exhibition may also see the autograph manuscript of the "Drum Roll" Symphony that Haydn composed in London in 1795 (on loan from the British Library).

The most important musical events, apart from the operas, will be at the Festival of Vienna, this year devoted primarily to Haydn. It will include a gala performance of "The Creation," conducted by Herbert von Karajan.

There is also a small but sophisticated festival running all year at Hainburg, a town on the Danube.

Tickets for the Hainburg Festival, which started early in March and ends on Dec. 12, may be obtained from the N.Oe. Sparkasse, Hauptplatz 1, A-2410

Hainburg. Tickets for the Eisenstadt events: Dr. Berger, Schloss Esterhazy, A-7000 Eisenstadt. Tickets for Vienna events: through any Vienna ticket or theater agency.

The 50 programs for Austrian Radio (broadcast every Saturday at 3 p.m.) include the first performance since Haydn's lifetime of many works not yet published or in the process of being published.

These include dance music for orchestra, the "Salve Regina" in E major, two sets of four hymns each for soloists, choir and orchestra of music for Corpus Christi Day, string trios and an unpublished Haydn opera entitled "La Marchesa Nespola."

Two illustrated books on Haydn have recently appeared in Austria, both using photographs by Erich Lessing, one of Austria's leading photographers.



The Esterhazy Palace, upper left, in Eisenstadt. Upper right, Haydn's birthplace in Rohrau, Lower Austria, as it was in the 18th century, and, above, as it appears today.

## Nation's 'Social Partnership' Produces a Third 'Economic Miracle'

(Continued from Page 75)

specific industries are run. Through a variety of joint committees and commissions, they also have the right to advise the government about economic policy — although their advice need not be taken. The union leaders who exercise this right are able, moderate, and non-ideological; their advice is worth listening to.

## Price Restraint

Business leaders respond by talking with unions about price as well as wage restraint. They know that the two are closely related.

Both business and labor leaders have vivid memories of the mid-1930s, when class conflict destroyed the First Republic and opened the way for annexation by Nazi Germany.

## Reasons for Success

Their determination to avoid repeating this conflict was bolstered when they emerged from the wartime concentration camps in which they got to know each other to find Austria surrounded on three sides by Communist countries.

Many of these reasons for the social partnership's success are

unique to Austria. They would be hard to replicate in the United States or in other industrial countries.

West Germany and Japan have each developed something like Austria's social partnership in concept, if not in detail.

A leading West German banker told U.S. audiences recently that a key factor in fighting West German inflation had been the German labor unions' sense of responsibility for the future of the German economy.

The restraint and productivity of Japanese labor, the way in which its wage demands are geared

to productivity, and its desire to help individual Japanese businesses succeed is rightly given a large share of the credit for Japan's growth.

## Lesson for Others

The lesson to be learned from the experience of Austria, West Germany and Japan is not that any other country can or should emulate the specific means by which each of them has achieved social partnership.

The lesson is rather that some variant of such a partnership is useful and feasible, even if the

means of achieving it vary from country to country.

No major industrial country has been able to maintain non-inflationary growth in the last decade without social partnership.

If any country — especially the United States — achieves such a partnership, it will not be because of its skill in devising tax and other gimmicks, but rather because of a basic change in the way in which the role and responsibility of organized labor in that country — the key element in the success of Austria, West Germany and Japan — is viewed by those in the labor movement.



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Focus on  
Austria

## Industry: Finding New Directions

LINZ/STYR, Upper Austria — Herbert Apfalter, 56, the director-general of Austria's largest industrial concern, the nationalized VOEST-Alpine company, sees the challenge to Austrian industry today as finding new directions.

"If we are not to shrivel up, then we must strike out along new lines, and these should point the way to the future," he said.

His iron and steel combine — giant by Austrian standards — has a work force of 76,000, about one-third in the main plant at Linz on the Danube.

With the profit from steel sales dwindling, Mr. Apfalter has presided over the gradual transformation of VOEST into a company with international links since taking over its management five years ago. It had become "simply too big for Austria alone," he said.

With the difficulties of 1981 behind him, Mr. Apfalter is confident that VOEST-Alpine will reach the break-even point this year and should start to show a profit beginning in 1983.

In fact, the company has just announced that it has signed a \$590-million contract to act as the general contractor for a plant to produce wire and rolled metal in Soviet Byelorussia. The plant is to be completed in 1984.

Among his problems last year was having to pay an additional 2 billion Austrian schillings for raw materials and replacement coal because of a serious shortfall in deliveries from Poland.

The restructuring of VOEST, including a manpower reduction of 9,000 through not replacing normal departures and shutting down 20 uneconomical plants, necessi-



Herbert Apfalter

tated an investment of 20 billion schillings.

Last year, the books could only be balanced by turning to the state for structural aid, which was granted in an unusual show of solidarity between Chancellor Bruno Kreisky and the opposition leader, Alois Mock.

## Need for Change

The essential need for change in Austrian industry was highlighted again last year in a report submitted by the New York technology and management consultants, Booz, Allen and Hamilton.

An earlier, similar assessment in the 1960s was all but ignored. This time, the findings have been taken to heart. That is not so much because of the desire to combat unemployment — although that continues to take high priority in the view of the Socialist government — but rather because of the real-

ization that only by speeding up the introduction of new technology can fresh export markets be unlocked to bring in foreign currency for putting the trade balance in order.

One manifestation of this determination to revitalize the industrial structure has been the creation this year of a small group within OelAG (the holding company for nationalized industries).

Called Industrial Cooperation and Development Austria, the group has been given the task of identifying available technological resources within Austria and the types of foreign investments that may best utilize these resources.

It will also target new ventures in future-oriented and growing industry segments. The ICD/A team sees its immediate mission as "selling" Austria, especially in the United States and Japan, for what it really is (although this is too often overlooked, even by the Austrians themselves): A stable, neutral country in the heart of Europe, with immediate access to a market of 370 million, and a country where production costs average out, for example, one-third lower than in West Germany.

ICD/A is putting together an incentive package for foreign investors, pointing out the high-level of technical know-how in Austria, the low inflation rate, the virtual absence of strikes and the fact that 80 percent of all Austrians are taught English starting at the age of 10.

Symptomatic of this new image of the Austrian technical-industrial landscape is the incursion of VOEST-Alpine into the electronics field. The decision was made, according to Mr. Apfalter, after a



The Steyr-Mannlicher Model M rifle in action.

worldwide study had been carried out to find suitable partners.

The first result was cooperation with IBM-Europe for the production under contract of multilayer semiconductors. This will bring in business, when production is geared up to full capacity, of 500 million schillings annually.

Even more promising is the latest enterprise in conjunction with American Microsystems Inc. (AMI), which is also the acronym for the new joint venture, Austria Microsystems International.

This will take the form of a production plant for computer-related microchips, or large-scale integrated circuits. The emphasis will be on customer-specific circuits, rather than the standard chips.

In the planned AMI plant, to be located in an old castle near Graz, more than 300 engineers and other personnel will be employed. The goal is annual sales amounting to \$20 million to \$30 million for the

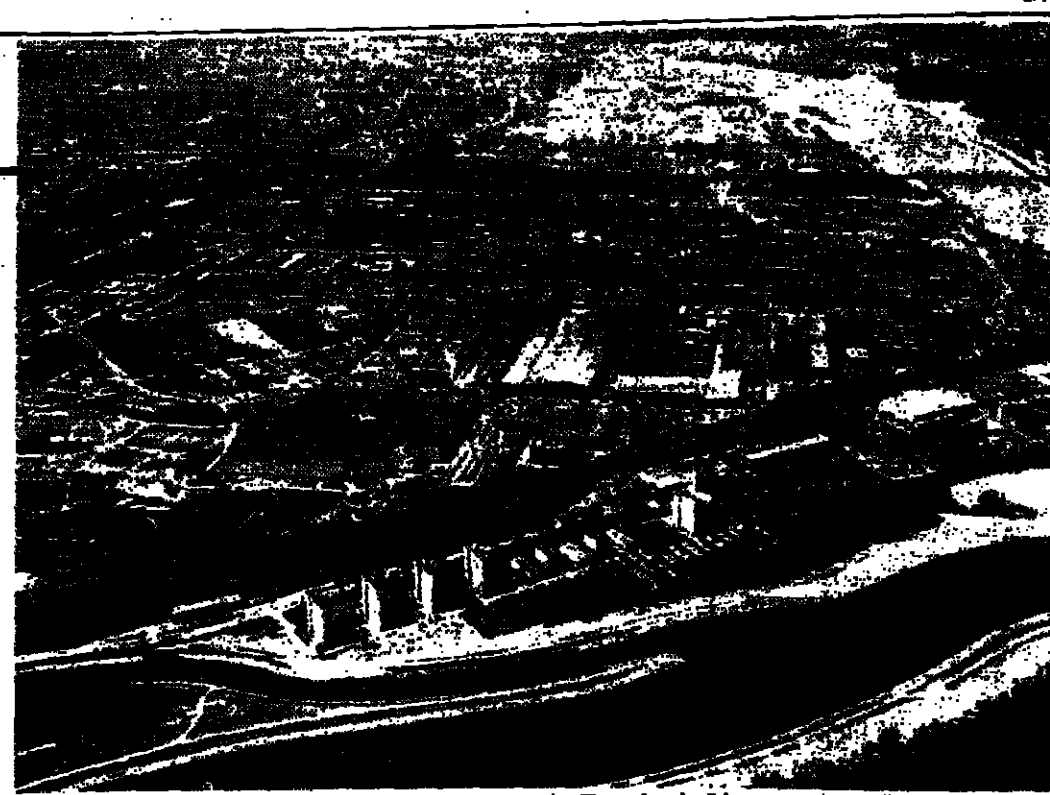
whole European AMI network through the Austrian subsidiary.

Mr. Apfalter sees this as healthy competition for the other electronic chip producer here, Siemens Austria, with a plant near Villach, Carinthia. The situation could be complicated, however, if a third producer tries to join the market.

There are signs that the nationalized Austrian Mineral-Oil Administration, OelAV, is interested in chipping into the electronic boom.

In any case, VOEST-Alpine, 65 percent of whose turnover before the steel crisis was accounted for by ferrous products, has now brought the proportion down to below 50 percent and aims at reducing this further, to 35 percent.

Among the other new VOEST products pointing the way to the future is Moviscan, a 35-mm professional film camera, with features such as an integrated video



The VOEST-Alpine steel plant spreads out near the Danube, in Linz.

camera and an extremely low noise level.

Other, traditional VOEST lines continue to do well.

The Industrial Plant Construction Branch has been especially successful, with 50 billion schillings worth of orders on hand at the end of January.

Mr. Apfalter would like a degree of stabilization to take place here, since turnover has doubled within three years and this has made certain organizational adjustments imperative.

These are in addition to the Steyr-Mannlicher hunting and sporting rifles that are sold in Europe and North America.

One SDP executive said, however, that the weapons and military sector now accounts for only 15 to 25 percent of production and the company is anxious not to allow it to exceed this within the next decade.

Also based in Upper Austria is the country's largest and oldest in-

dustrial group within the private sector, Steyr-Daimler-Puch.

That group has retained its stylized rifle-range target emblem as the parent company's logo. Firearms of all kinds have been produced for centuries in the town of Steyr.

Today's successful products include the 5.56/.223 AUG Universal Army Rifle, and the 9-mm Parabellum submachine gun, with a new gas-delayed blowback-action pistol of the same caliber just about to be added to the range.

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Only last year SDP ran up

against considerable public opposition for its plans to export Kuerassier light tanks to some South American countries.

Steyr-Daimler-Puch's also makes all-terrain vehicles headed by the Pinzgauer multipurpose truck, to which has recently been added the Puch "G" cross-country car with four-wheel drive.

Developed originally in conjunction with Mercedes-Benz, the "G" is actually made in Graz, although it is sold in the United States under the name Mercedes "G."

Another joint venture, with the West German automobile firm BMW, for the production of light diesel engines (with additional sales to Ford-U.S.), collapsed.

Hopes are high, though, for co-operation with Volkswagen for a four-wheel-drive transporter. In any case, Steyr-Daimler-Puch believes its future lies in the four-wheel sector.

—DAVID HERMES

## Wine: Ancient Viennese Tradition Flourishes Despite the Inroads of Time

VIENNA, first named Vindobona ("good wine") by the Romans, has been producing its namesake for at least 2,500 years. With more than 1,600 acres of vineyards, Vienna is still considered an important, although now the smallest, Austrian wine region.

Viennese wine is mostly white. Typically, it is a delicate, dry wine, somewhat strong (about 12 percent alcohol), with the slightest touch of effervescence. The main grape, as in much of Austria, is *Gruner Veltliner*. There is also a lot of *Rheinischel Weiss Burgunder*, *Traminer* and *Mueller Thurgau*. There is a small production of red wines from *Blauer Burgunder* and *St. Laurent* grapes. In recent years the Viennese vintners have been experimenting with a study, more full bodied red called *Zweigelt*.

By tradition as much as necessity, Viennese wines are drunk young. Some of the grapes such as *Gruner Veltliner* and *Mueller Thurgau* are thought not to have much staying power. But only about 10 percent of Viennese wine ever gets bottled. This is because of a tradition, dating to the time of Charlemagne, of growers selling their own wine by the mug. When the wine is for sale, a bush is hung in front of the establishment. A large part of the wine is sold before maturing in the first few weeks following the harvest (October to early November). This new wine is called *Heuriger*, which has also become the name of the grower-owned house where it is sold.

*Heuriger*, traditionally found only in the wine-producing centers in and around Vienna, have become increasingly popular over the centuries. In empire days, royalty liked to go

slumming at *Heuriger*, probably the beginning of a commercialization process that today results in bus tours descending for an evening on certain of the larger ones. This is particularly true in Grinzing, one of the wine villages that has become incorporated into the city limits of Vienna. Other towns noted for *Heuriger* include Nussdorf, Sieversdorf and Stammersdorf.

The locals tend to avoid the larger establishments that cater to tourists, but the idea in all of the *Heuriger* is a warm, woody, country atmosphere, zithers and *Schrammel* music, and local sausages, hams and other cold plates. Some of the smaller growers still stay close to the original idea by just inviting friends to their cellar to tap a barrel and eat some sausage.

True *Heuriger* wine, which is notorious for its intoxicating power, is finished by Nov. 11.

But they continue to serve *alter* (old) wine in the customary glass mugs through most of the year.

Since the end of World War II, Viennese wine production has become endangered by the encroachment of urbanization. According to Franz Hengl, whose family has been producing Grinzing since 1137, there were 125 growers in Grinzing 25 years ago. Today there are 20. The town, which used to consist entirely of wine growers, has seen 500 new houses constructed since 1955. Growers have been selling land for attractive prices.

Mr. Hengl has formed a group that is trying to buy all the Grinzing land as it becomes available to keep it as vineyards. They are also regularly engaged in court battles with developers and real estate speculators. "The

project is costing a lot of money but the Grinzing people will win," he asserts.

Funds are raised by offering one square meter with one vine for 3,000 schillings (about \$180). This entitles the owner to a half-liter of wine per year. The land can never be sold or used for any other purposes. Vines are owned by Jimmy Carter and Leonid Brezhnev (a gift during the 1979 SALT talks), Sophia Loren, Leonard Bernstein and other celebrities that Herr Hengl has found passing through Grinzing.

*Heuriger* are not difficult to find. There are 20 in Grinzing and even more in Stammersdorf and Nussdorf. The Vienna Tourist Board (Kinderspitalgasse 5 A-1095 Vienna) prints an extensive list of addresses. Finding the bottled wine is more difficult. Very little is exported, and most of that which is goes to Germany,

Switzerland and Luxembourg. Two of the more respected bottlers are Franz Mayer and Feuerwehr-Wagner, whose vineyards and *Heuriger* are in Nussdorf.

The Austrian government guarantees the quality and authenticity of wines with the *Weingutesiegel Österreich* (Austrian wine seal) and number for quality wines and the *Wein aus Österreich* (wine of Austria) seal for table wines.

These seals, with a picture of a red gobelet, should appear on the neck of the bottle, although this is more important to buyers abroad than to those in Vienna. There is also a numbered *Wiener Weinsiegel* (Vienna wine seal) on some bottles. Viennese labeling usually indicates the varietal name of the wine and the house.

—MARK J. KURLANSKY

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## Focus on Austria

### Economic Situation Worrisome to Bankers

(Continued from Page 7S)  
No. 1 bank for many Arab countries.

Equally cautious about taking any unnecessary risks abroad in the money sector is Karl Pale, chairman of Girozentrale (GZ), which is Austria's second-largest banking institution and which concentrates on large-scale financing. As he sees it, foreign business should be channeled for the most part through banks with the necessary experience and involvement abroad.

GZ, for instance, has a full-branch in London that can cope with all business. At the same time, Mr. Pale is somewhat critical of the growing involvement in domestic banking of several institutions that were conceived with other aims in mind such as Oesterreichische Kontrollbank and its subsidiary Investitionskredit, through which domestic bond issues are made, since there is simply no room on the Austrian market for so many large institutions.

#### A Different View

Helmut Haschek, chairman of Oesterreichische Kontrollbank (OKB), which acts as the sole agent of the Republic of Austria in the field of export guarantees and whose assets have swelled at a phe-

Population (1981)	Total: 7,555,338	+ 1.3 %	(compared with 1977)
	Vienna alone: 1,515,666	- 6.1 %	
Number of private cars (per 1,000 of population)	301		
Unemployment rate (1981 average) (1982 forecast)	2.4 %		3.1 %
Time lost by strikes (per employee in 1981)	41.4 seconds		
1981 Consumer Price Index	+ 6.8 %	(compared with 1980)	
1982 Consumer Price Index (forecast)	+ 5.8 %	(compared with 1981)	
1981 Gross Domestic Product	AS 1,040 billion	(absolute)	
	= 0.0 %	(compared with 1980, index-adjusted)	
1982 Gross Domestic Product (forecast)	+ 2.0 %	(index adjusted)	
1981 Imports	+ 5.5 % (absolute)	(compared with 1980)	
1981 Exports	+ 5.0 % (absolute)		
Terms of Trade	89.5 %		
Exchange rate for Austrian schilling	US\$ 1 = 16.78 AS		
	£\$ 1 = 30.30 AS		

Compiled by David Hermges

nominal rate — 25 percent in 1981 alone — sees things differently. "We have always tried, he says, to reserve the domestic market for borrowers who do not create for-

sign exchange-earning assets. And so we have shifted our main lending abroad."

And Mr. Haschek points out that OKB has been successful in financing a diversified portfolio of assets originating from export activities, using them as a collateral to borrow abroad.

It was OKB, for instance, that floated the first Yankee bond zero-coupon issue (in the middle of last year) and "it is performing beautifully."

#### Relaxed Outlook

An equally relaxed view is taken by Hans Haumer, the forward-looking director-general of the country's oldest banking institution, First Austrian (founded in 1819).

His bank has survived so many crises (such as those of 1873, 1914-1918, 1929-1933), he insists, only by retaining a strong relationship with private customers, particularly in the Vienna metropolitan area, and advising them comprehensively on their financial affairs, seen as an intertwining whole with lifelong implications.

For this reason he is skeptical about a plan offered recently by Mr. Kreisky for rectifying state finances through the issuance of treasury bills in a manner attractive to the man in the street.

Mr. Haumer criticizes the idea as basically old-hat, and as detracting from the finite amount of capi-

tal available for traditional savings in long-term deposits.

"And, he adds, you surely do not expect the counter clerk at the post office or the tobacconist (who would sell these Kreisky bonds) to give you the same amount of advice about financing a flat or building up a retirement fund as you can rely on from a bank manager."

Catering almost exclusively to the financial needs of the rural population are the 2,400 banking offices of the Raiffeisen Organization, organized through the Genossenschaftliche Zentralbank (GZB), in an efficient network parallel to a system of agricultural credit co-operatives.

Together these finance two-thirds of all farming in Austria and constitute the most important backing for the tourist industry.

GZB chairman Hellmuth Klaus is proud of the fact that his branches maintain an active banking presence in locations — alpine villages, for example — that other banks avoid because they are far from profitable. Furthermore, says Mr. Klaus, "By acting responsibly in providing favorable credit terms the Raiffeisen banks make a not-inconsiderable contribution toward keeping interest rates down, thus enabling farms to enjoy the highest life-quality."

Finally, true to its policy of steering clear of politics and emphasizing the need for innovation all along the line, Zentralsparkasse und Kommerzbank ("Z" for short) has just celebrated its 75th anniversary with a two-day symposium in Vienna devoted to "Issues of the '80s" at which more than 1,000 bankers and economists heard leading experts from the United States, the Soviet Union, Western Europe, Latin America and the Middle East expound on "Economic and Social Strategy Options."

The presence of Chancellor Kreisky among the speakers at the "Z" symposium gave the cue for a "sensible" approach to international policies.

DAVID HERMGES is a British correspondent who has been based in Austria for many years.

DAVID BLOW is a free-lance journalist based in Vienna.

MARK J. KURLANSKY is a Paris-based free-lance journalist.

H.C. ROBBINS LONDON, an American musicologist, is a leading authority on Haydn.



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#### More Reading About Austria

VIENNA — A selection of titles of English-language books about Austria now in print:

• "Modern Austria," edited by Kurt Steiner. It includes contributions from leading authorities on all aspects of modern Austria. (SPOSS Inc., Palo Alto, 1981.)

• "The Example of Austria" — This is a government reference work that outlines developments of the first 25 years after the 1955 State Treaty. It includes documentary photographs. (Federal Press Service, Vienna.)

• "Michelin Guide/Austria" — The French-published guide remains the most reliable guidebook to Austria.

• "Vienna," by Hans Weigel. A dry-humor approach to Austrian life. (Jugend und Volk, Vienna.)

• "The Dome Was My Teacher," by Joseph Wechsberg. A brief history of St. Stephen's Cathedral. (Harder, Vienna.)

• "Fin-de-Siècle Vienna," by Carl E. Schorske. A collection of essays, some of them brilliant, on politics and culture at the turn of the century. (Random House, New York.)

• "The Spanish Riding School," by Hans Handler. A must for lovers of this Viennese institution. Photographs by Erich Lessing. (Thames & Hudson, London.)

• "The Vienna Opera," by Marcel Prawy. A chatty, profusely illustrated coffee-table volume. (Molden, Vienna.)

• "Anthology of Modern Austrian Literature," edited by Adolf Opel. A selection of poetry and prose. Translations of the best writers since 1945. (International P.E.N. Books/Wolff, London.)

• "Last Waltz in Vienna," by George Clare. A semi-documentary that covers a family's declining fortunes from 1841 to 1942. (Macmillan, London)

— Compiled by David Hermges

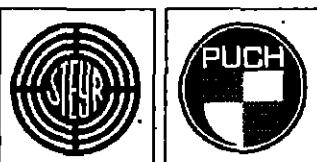
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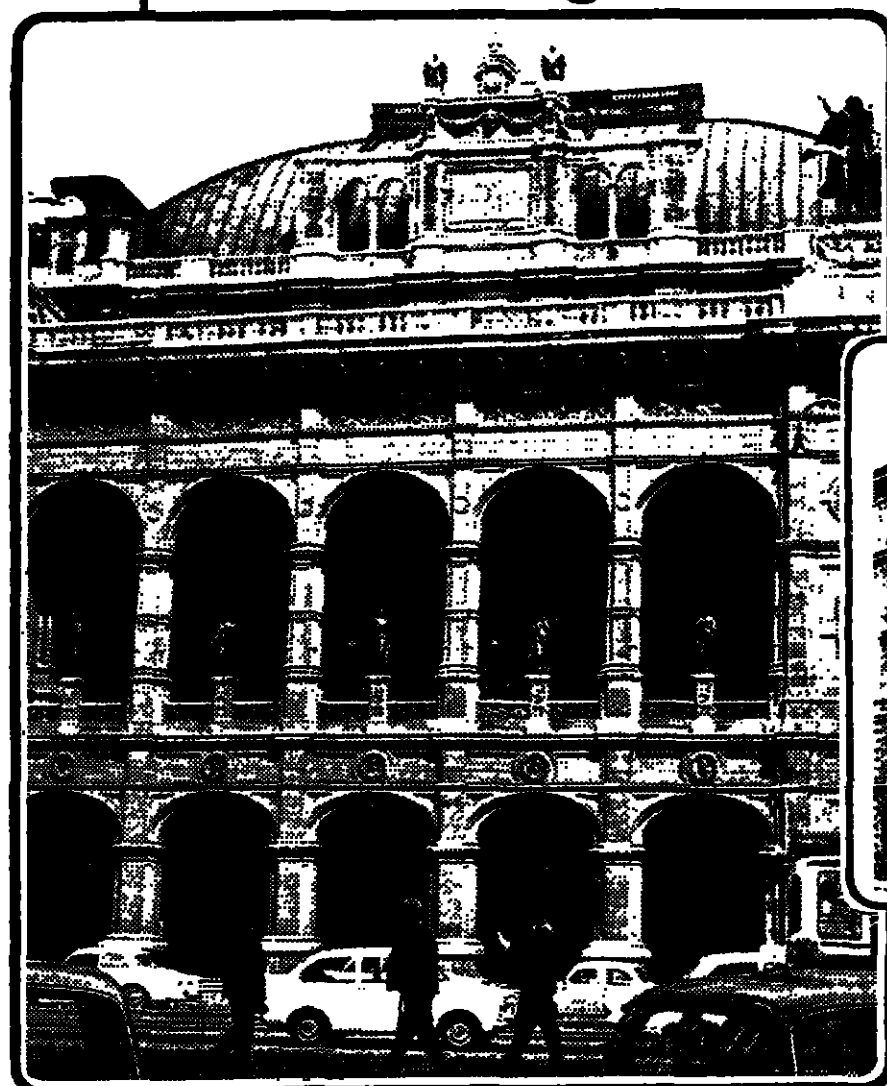
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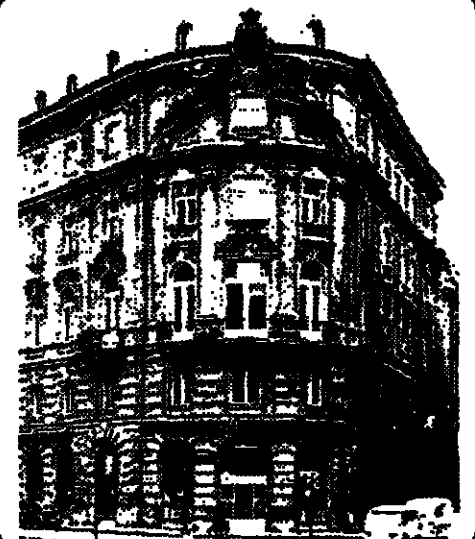
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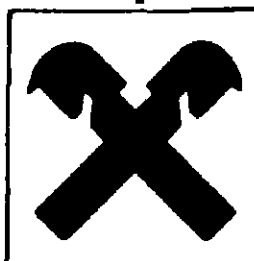


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(Continued on Page 16)



## BUSINESS NEWS BRIEFS

### Shell U.K. Reports 31% Drop in Profit

LONDON — Shell U.K. Wednesday announced a 31 percent drop in profit for 1981 to £158 million from £233 million in 1980. The company said sales were £5.1 billion, up from £4.2 billion.

Shell said the main reasons for the profit decline were the recession and a further drop in oil demand, coupled with the pound's weakness against the dollar and steep increases in British oil taxes.

Market sources said that Shell's 1981 results masked an improvement in operating profit before tax to £287 million from £214 million the previous year. The tax charge rose to £502 million from £95 million. Group Chairman John Raisman said Shell is considering shelving some marginal North Sea projects in view of the higher oil taxes.

### Mitsui Makes Provision for Iranian Loss

TOKYO — Mitsui said Wednesday it has decided to provide 40 billion yen (\$165 million) in its special reserves for possible losses arising from the petrochemical complex being built at Bandar Khomeini in southern Iran.

The company said the provision, the result of damage and delay because of the Iran-Iraq war, does not mean Mitsui has decided to withdraw from Bandar Khomeini. Mitsui, with about 200 billion yen invested, has been negotiating with the Iranians on the future of the joint venture since last April.

Mitsui also said it had cut its dividend for the six months ending March 31 to 1.5 yen a share from 3.5 yen in the preceding six months.

### Britain to Allow Holmes a Court to Buy ACC

LONDON — The proposed merger between Australian Robert Holmes a Court's TVW Enterprises and Associated Communications Corp. will not be referred to the Monopolies and Mergers Commission, the Trade Department said Wednesday.

TVW, which already owns 53 percent of ACC's non-voting capital, has proposed two bids for the rest of the stock, offering 95 pence and 110 pence a share with different conditions. Heron Corp. has said it will offer 90 pence a share.

### American Express to Sell N.Y. Headquarters

NEW YORK — American Express said Tuesday that it had agreed to sell its lower Manhattan headquarters for \$240 million and to sign a 35-year lease worth more than \$2 billion on a building to rise in Battery Park City, also in lower Manhattan.

The buyer of the American Express building is also the developer of the commercial complex in Battery Park City: Olympia & York Equity, a subsidiary of a Toronto-based real-estate organization that has in recent years become one of the largest property owners in New York City.

American Express will occupy all of a 51-story tower, the largest in a six-building commercial complex at the center of Battery Park City. The move will be made in 1984.

### Vickers Sets 1-for-4 Issue to Raise £23 Million

LONDON — Vickers said Wednesday that underwriting is in progress for the issue of 18.3 million new ordinary shares, on the basis of one new share for every four held, to raise about £23.3 million.

Vickers said the rights subscription price will be 133p a share. The diversified engineering and industrial company has substantial unused bank facilities, but the board said its objectives will be more readily achieved by strengthening the balance sheet with a rights issue.

It said orders at the start of 1982 were higher than a year earlier. Rolls-Royce car sales were down in January and February, it added.

## Poland Says Western Trade Now Too Costly to Maintain

By Frederick Kempe  
AP-Dow Jones

WARSAW — Janusz Obodowski, Poland's deputy premier for economic affairs, is engineering a turn to the Soviet Union and its Communist neighbors because, he said, his country can no longer afford to rely on the West.

Hard-currency credits needed to buy Western parts, technology and raw materials are scarce. Moreover, Poland's leaders fear President Reagan's current economic sanctions could turn into a broad-based Western blockade in the current chilled political climate.

In his first interview with the Western press since the imposition of martial law on Dec. 13, Mr. Obodowski conceded that "martial law cannot reform the economy. It also does not solve political problems. However, all these things can be solved in the atmosphere of law and order introduced by martial law."

**'Last-Resort Solution'**

The recent tilt of Polish trade toward the Soviet Union and its East bloc partners is "a last-resort solution," Mr. Obodowski said. "I do not hide that this is a very painful process," he said. "The necessity of closing down many factories might arise. Nevertheless, the process has to be and is intensifying."

The reasons are clear. Statistics show that Poland's imports from the West in February fell 50 percent. (Its exports to the West fell 10 percent.) Largely due to a lack of Western goods, sources said, Poland's industry is running at only half its capacity, and some plants are turning out only a trickle of products. The halted operations range from a television-tube plant, which relies on RCA parts, to a toothpaste manufacturer, which needs chalk from the West.

Mr. Obodowski said Western governments and bankers are pursuing policies that can only make their money back. "The conditions demanded by the banks for the rescheduling of Poland's overdue loans are too costly, he said, espe-

## Japan Warns Trade Curbs May Shift Alliances

By Sam Jameson  
Los Angeles Times Service

TOKYO — A high official of the Ministry of International Trade and Industry said Wednesday that protectionist measures against Japan, if taken by the United States and Western Europe, could force Japan to step up its trade with Communist countries and begin exporting weapons around the globe.

Kazuo Wakasugi, director of the MITI's trade policy bureau, told foreign correspondents that Japan was determined to open up its market.

But he warned that if some protectionist measures were taken against it, "Japan cannot commit suicide." "To survive," Japan would be forced to bolster transactions with Communist countries and might start exporting weapons around the globe, he said.

If protectionism went all the way — to ban imports from Japan by the United States and Western Europe — Japan would be forced to join the Communist bloc, he added.

Emphasizing that he saw no possibility of the United States and Western Europe banning imports from Japan, Mr. Wakasugi nonetheless said some Americans and Western Europeans have threatened Japan by declaring that the United States and Western Europe needs to trade with Japan. Then he added:

"If the United States and Europe don't

trade with Japan, politics here would change. There would be no benefit for Japan to remain a member of the free world. If that happens, we would probably join the Communist bloc."

Reminded that he was speaking for the record, Mr. Wakasugi added:

"There is nothing strange about such a comment. I don't believe there will be an end to trade with Europe and the United States. For Europe and the United States to take such an action would go down in history as one of the great blunders of all time. But if it did happen, there would be no other way for Japan to live [except to join the Communist bloc]."

### 'Repulsion' Against Charges

No Japanese government official has ever before suggested that Japan might join the Communist bloc under any circumstance — and Mr. Wakasugi emphasized he was speaking of a theoretical situation he did not expect to occur. His comments, however, underscored what he himself at another point in the news conference called "repulsion" in Japan against charges being made against it, especially by the United States.

Mr. Wakasugi said Japan felt that among criticisms made of it by the United States and Western Europe were statements that were "outrageous" others that were based upon misunderstanding, and still others that constituted "insults."

Before making the comment about join-

ing the Communist bloc, Mr. Wakasugi was asked if protectionist measures that might be taken against Japan by the United States and Western Europe would induce Japan to start exporting weapons. As a political policy, Japan bans exports of all weapons made here.

He responded by pointing to the fact that Japan pays for its oil and natural resources imports by its trade surpluses with advanced industrialized countries.

"Without this balance, the Japanese economy would contract, living standards would be reduced and, to survive, we would have to increase our transactions with Communist countries. As for exporting weapons, we wouldn't want to do it, but, depending upon the extent of the damage [suffered from U.S. and European protectionism], there would be voices advocating that," he said.

Mr. Wakasugi then went on to cite what he called "extreme" threats he said were being made by some Western Europeans and Americans to break off trade with Japan, and made his comments about joining the Communist bloc.

Despite his unprecedented statements, Mr. Wakasugi's overall presentation stressed the positive, not the negative.

He said that Japan had agreed to continue first year levels of voluntary curbs on Japanese passenger car exports to both West Germany and Belgium for the next 12 months, and indicated that the limit on car exports to the United States for the next 12

months would remain at the levels of the last 12 months.

Mr. Wakasugi also revealed that Japan would announce sometime in May what he called "comprehensive measures" on opening up its market.

The May announcement, by itself, "won't be opening up a treasure box ... But at least it will stop there. More will be done," he said.

Cabinet efforts to compile the measures for announcement in May, he said, would begin Tuesday when ministers in charge of economic affairs convene to hear reports from Foreign Minister Yoshio Sakurachi, now in the United States, and from a ruling Liberal Democratic Party mission, now in Europe.

In the May package, "I would at least expect that a [liberalization] direction will be fixed for some items" in agricultural imports on which Japan still maintains import quotas, Mr. Wakasugi declared.

As a further step towards opening Japan's markets, Mr. Wakasugi said an international economic affairs committee of a MITI advisory council had been commissioned to recommend within six months steps to reform "Japan's economic and industrial structure" so as to eliminate causes for frictions with Japan's major trading partners. In a highly unusual move, foreigners will be invited to present complaints directly to the committee, he said.

## Tough Policy Planned by World Bank

By Hobart Rowen  
Washington Post Service

WASHINGTON — The World Bank has announced that because of constraints on its resources, it has decided to apply a tougher policy in "graduating" borrowing-country clients off its rolls.

Senior Vice President Ernest Stern said Tuesday that U.S. pressure for a more restrictive policy was "very much of a consideration" in shaping a new policy statement by the executive directors at a meeting Jan. 26.

The trigger that starts the graduation process is being kept at \$2,650 per capita income (1980 prices), Mr. Stern said, although the United States had recommended dropping the benchmark to \$2,200.

But he conceded that because demands on the bank's resources are growing, the trigger, which in the past had been applied "quite flexibly," will instead "be applied more firmly and rigorously." The more restrictive policy "will make a very substantial difference over the next five or 10 years," Mr. Stern said.

In the past, nearly all of the countries had achieved a per capita income well above the benchmark by the time they had graduated.

The bank published a table of current clients that showed six borrowing countries enjoying a 1980 per capita income over the trigger. That has now started active discussion of "graduation" for: Oman (\$4,380); Trinidad and Tobago (\$4,370); Cyprus (\$3,560); Bahamas (\$3,300); Barbados (\$3,040); and Uruguay (\$2,820). Yugoslavia is on the edge, at \$2,620 per capita.

Six other countries — Argentina, Portugal, Romania, Chile, Mexico and Brazil — have per capita incomes over \$2,000, a status Mr. Stern said means that their loan programs will not expand very much.

The policy statement adopted at the Jan. 26 meeting said that "graduation should be a flexible and fair process," taking into account special circumstances as they arise. The normal time for moving a country entirely off the bank's rolls is five years after it reaches the benchmark.

The original benchmark of \$1,000 in 1970 prices was established on the bank's calculations of inflation and exchange rate impact. Mr. Stern said there had been considerable discussion and some disagreement at the meeting on whether to lower the figure in accord with U.S. wishes.

### France Raises Price To Buy 51% of Matra

PARIS — The French government will raise its compensation for shareholders in Matra when it nationalizes the company, to 1,800 francs per share from 1,215, company sources said Wednesday.

The government will go ahead with its plan to take a 25.5 percent stake in Matra, which will then be raised to 51 percent by the government subscribing to an increase in the company's capital, the sources said.

## N.Y. Savings Bank Offering Cars In Place of Interest on Accounts

Washington Post Service

NEW YORK — A unique approach to aiding the troubled auto, housing and savings industries was announced Tuesday by Dry Dock Savings Bank in New York: Using the interest on savings accounts to lease U.S.-made cars and investing the remaining deposits in mortgages.

Under the plan, a customer would deposit between \$17,500 and \$53,500 in Dry Dock for three years. In place of interest, the customer would have the use of a new car, ranging from a Chevrolet Chevette for the smaller deposit to a Cadillac Seville.

After three years, the customer would get the original deposit back. Bank officials said their leasing fees are 10 percent below those in the open market and in all cases would cost customers less over three years than purchasing the same vehicle with bank financing, paying off the loan and selling the used car.

The program is being made available nationwide, Bank Chairman Robert H. Steele said. He said he considered it successful if 1,000 contracts are signed. At an average of \$30,000 per account, that would mean new deposits of \$30 million. One-third of that would go to finance the cars and two-thirds would go into home mortgages at 16 percent.

He said that if the new program is a success, the bank will look at the possibility of leasing yachts and executive jets.

## U.S. Is Expected to Rescue Savings Bank With Merger

New York Times Service

NEW YORK — To avert what would be the biggest bank failure in U.S. history, the Federal Deposit Insurance Corp. this weekend will merge the troubled New York Bank for Savings into the Buffalo Savings Bank, according to banking sources.

The merger will add \$3.4 billion in assets to Buffalo Savings, which will make it the biggest U.S. savings bank with assets of about \$9 billion — \$1.6 billion more than the assets of the Philadelphia Saving Fund Society, currently No. 1.

Only six months ago — before bidding aggressively to take over failing thrift institutions — Buffalo Savings had \$3 billion in assets and ranked as the state's sixth-largest savings bank.

Last December, it took over Union Dime Savings Bank in New York City, with \$1.5 billion in assets, and, in January, it acquired Western New York Savings Bank in Buffalo, with assets of \$1 billion.

All the troubled institutions acquired by Buffalo Savings were victims of high interest rates. The gap between the rates it has had to pay for its deposits and the yield on its assets has caused the bank for Savings, the state's fourth-largest and oldest savings bank, to experience large losses.

Because of the low yield on these loans and investments, sources said Tuesday, the bank's assets could fetch less than \$2.4 billion if sold today, far below their book value of \$3.4 billion.

In the fourth quarter of 1981, Bank for Savings reported an operating loss of \$34.7 million, which reduced its surplus funds to \$37.3 million, barely enough to get it through the current quarter.

Banking sources said they did not know how much the rescue of the Bank for Savings would cost the FDIC, the federal agency that insures deposits in commercial and savings banks, but they predicted that it would be at least several hundred million dollars.

The federal agency estimates that subsidies to effect mergers have cost it more than \$1 billion since mid-1981, or about three times the total of such costs over its 50-year history.

## Prices on Wall Street Ease After 4-Day, 30-Point Rally

From Agency Dispatches

NEW YORK — Profit taking pushed prices lower Wednesday on the New York Stock Exchange, ending a four-day rally.

The Dow Jones industrial average moved in a narrow range all day and closed off 3.33 points at 823.4. Declines led advances, 770 to 650, as volume slumped to 49 million shares from 67.13 million Tuesday.

"The market was in need of a pullback to refresh itself after the 30-point jump in the D-J average," said Hildegard Zagorski of Bache Group Inc. She expects the market to resume its rally Thursday.

Contributing to the decline was Treasury Secretary Donald T. Regan's statement that the fiscal 1983 federal budget deficit will probably be greater than the \$91.5 billion forecast by the administration.

Analysts expect the market to continue in an uptrend to about the 840 to 850 level on the Dow Jones average, but note that the rally is primarily technical.

Some investors were encouraged that Chemical Bank, Bankers Trust and Marine Midland Bank on Tuesday lowered the rate they charge brokers for loans. And on Wednesday, the Southwest Bank of St. Louis cut its prime rate to 16 percent from 16 1/2, the prevailing rate at major banks, and Mr. Regan said interest rates will fall by mid-summer below current levels.

However, expectations of poor first quarter corporate earnings and high budget deficits will probably force the market back down again next month, analysts said.

Heavy institutional trading continues to affect the market as portfolio managers switched positions in various stocks prior to issuing their end of the quarter reports.

Technology stocks suffered from such trading as institutions sold off their positions in those issues, which fell into disfavor following a string of lower earnings forecasts.

In corporate news, International Business Machines introduced a more powerful version of its System 38 computer that holds twice the maximum main storage capacity of other System 38 models. IBM also said it was cutting the price, up to 19.5 percent, of its previous top-of-the-line System 38.

The big three U.S. automakers all announced that sales in the March 14 to March 20 fell sharply from the year ago levels for the lowest daily sales rate for mid-March since 1975. General Motors' sales tumbled 48.7 percent, Ford's were off 29.6 percent, and Chrysler's were down 34.8 percent, although the company noted that it increased its share of the domestic car market by 1.5 points to 11.6 percent.

Ford Motor President Donald E. Petersen said the second quarter will be "a very tough one to get through."

## Japan Seen Moving to Curb Capital Outflow

Reuters

TOKYO — The Finance Ministry is taking steps to restrain capital outflows to prevent a further depreciation of the yen against the U.S. dollar, securities sources said Wednesday.

The Finance Ministry told leading securities firms that the ceiling for the issue of Samurai bonds (issues by foreign borrowers floated in the domestic market) raised to 70 billion yen a month from this month, will be lowered again to 50 billion yen a month in May, they said. The ceiling may be further lowered in June, they added.

The ministry will also lower substantially the ceiling on yen syndicated loans supplied by Japanese banks to overseas borrowers in the April-September period from the 350 billion yen in the six months ending this month, but the amount is not known, the sources said.

The ministry has also postponed permission for Japanese banks and securities firms to sell in Japan commercial paper and certificates of deposits issued overseas, originally planned to start next month, the sources said.

It has requested insurance companies and other large investors to restrain investment in overseas securities, particularly U.S. government bonds, they added.

If the yen weakens much more, and causes price increases in Japan, it is possible the ministry may invoke emergency powers to control capital transactions under the new foreign exchange control law, they added.

Ministry officials declined to comment on the report.

The governor of the Bank of Japan, Haruo Makawa, also voiced concern of the yen's slide against the dollar. He said Wednesday that Japanese economic fundamentals have been deteriorating since last year, causing the yen to weaken.

He said that while prices have continued stable, a slowdown in exports, reflecting a pause in the world economy, has adversely affected the outlook for Japan's current account, where the surplus in fiscal 1982 is likely to be substantially below the government's projection in December of \$10 billion.

## U.S. Rejects 'Reciprocity' In Trade Bill

But Brock Supports Equal Market Access

By Hobart Rowen  
Washington Post Service

WASHINGTON — The Reagan administration agreed Wednesday for the first time to support new trade negotiating authority embodying the concept that U.S. companies need to be assured "market access" equal to that given foreign companies in the U.S. market.

Trade Ambassador William E. Brock, in outlining the policy, made clear that the administration would reject so-called "reciprocity" language that would require the United States to retaliate automatically against countries that throw up difficult barriers against U.S. exports.

Instead, Mr. Brock assured Sen. Bill Bradley, a New Jersey Democrat, that the administration would pursue market access "as a negotiating" objective, and always "within the framework of GATT" — the 37-nation General Agreement on Trade and Tariffs.

Mr. Brock said the administration would not endorse reciprocity language that would "mandate" a retaliatory step by President Reagan against either a specific country, or to force equality in a particular trade sector or product.

### 'Severe Handicap'

"Any bill that would mandate action on that sole ground would be a severe handicap ... I would worry about creating [this] new kind of action," Mr. Brock said.

He later told reporters that the administration would seek "omnibus" language that would draw from the "positive approach" of scores of restrictive trade bills that have been introduced in Congress.

Many U.S. trading partners, as well as free-trade advocates here, have feared that "reciprocity" as broadly advocated by critics of Japan on Capitol Hill would be a back-door route to outright protectionism that not only would be counter-productive but also would violate the basic U.S. commitment to GATT and to multi-lateral trade principles.

But Mr. Brock's announcement, before the Senate Finance Subcommittee on Trade, was at least a partial victory for those "reciprocity" advocates who had been insisting that Japan and some West European countries had devised subtle "non-tariff barriers" that are working unfairly against U.S. companies, and must in some way be countered.

In supporting the new legislation, Mr. Brock reiterated that "it must be absolutely consistent with current obligations under the GATT and other international agreements."

Mr. Brock also indicated that an administration-backed bill would include enforcement authority to cover exports of services, and that he also wants new authority for the president to modify the tariff structure governing high-technology items. He did not mention Japan — but part of the administration's current dialogue with Japan relates to forcing an entry of U.S. high-tech items into the protected Japanese market.

Commerce Secretary Malcolm Baldrige, who reportedly had been more of a hawk than Mr. Brock on the reciprocity issue, on Wednesday supported Mr. Brock's position.

Subcommittee chairman John C. Danforth, a Republican from Missouri and a strong backer of reciprocity legislation, said that on the basis of what he had heard, compromise language could be worked out "in less than an hour."

## CURRENCY RATES

Interbank exchange rates for March 24, 1982, excluding bank service charges.

	\$	£	D.M.	F.F.	Y.F.	Sw.	S.F.	S.P.	S.L.
Amsterdam	2.4545	4.765	71.29	42.26	5.3018	5.876	129.23	5.876	5.876
Bremen (a)	44.84	81.11	18.875	7.22	2.41	17.09	—	23.73	5.876
Frankfurt	2.281	4.39	—	38.14	1.82	96.47	5.30	128.85	5.876
London (b)	1.9365	—	4.715	11.289	2.2383	4.778	91.53	2.628	14.685
Milan	1.3615	2.3418	54.57	28.26	49.25	20.11	69.77	101.25	—
Paris	—	1.808	6.4711	8.169	—	0.9785	0.8221	0.3272	0.7228
New York	—	0.2275	11.247	26.149	—	4.767	23.61	12.89	32.25
Swiss	—	1.8079	5.4177	79.32	36.36	—	—	—	23.31
3 MCD	1.0092	0.5375	2.2982	6.2818	—	2.6271	45.282	7.926	8.167
1 Year	1.1296	0.621	2.6954	6.9292	1.6536	2.5531	50.276	2.119	9.822

\$	Currency	Per	\$	Currency	Per	\$	Currency	Per	\$	Currency	Per
1.0000	Australian	0.7445	0.0001	Japanese yen	3.6015	1.0000	S. African rand	0.6262	1.0000	Swedish krona	7.4604
0.0071	Belgian franc	14.354	0.0001	Korean won	0.0013	1.0000	S. Korean won	71.58	1.0000	Swiss franc	1.4563
0.0015	Canadian dollar	0.7106	0.0001	Malay dollar	2.2315	0.0001	Spanish peseta	166.37	1.0000	Thai baht	24.766
0.0001	Dutch guilder	3.7603	0.0001	Norwegian kroner	4.7603	0.0001	Swedish krona	0.1333	1.0000	U.S. dollar	1.0000
0.0001	French franc	6.5595	0.0001	Phil. peso	0.0476	0.0001	Yemeni rial	25.12	1.0000	—	—
0.0001	German mark	3.3757	0.0001	Port. escudo	20.484	0.0001	Yemeni rial	25.12	1.0000	—	—
0.0001	Irish pound	7.8756	0.0001	Spanish (Ptas)	166.37	0.0001	U.S. dollar	1.0000	1.0000	—	—

1 Sterling = 1.4933 Irish £.  
(a) Commercial franc. (b) Amounts needed to buy one pound. (\*) Units of 100. (d) Units of 1000.

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Amsterdam, March 17, 1982.



## Big Deficits May Hold Key to Reagan's Plans

By Leonard Silk  
New York Times Service

NEW YORK — President Reagan still is holding out against a budget compromise with the Democratic and Republican leaders of Congress that would shrink the huge deficits expected in the next three years and beyond.

Following the fiscal 1982 deficit of \$111 billion, originally projected to be only \$45 billion, the administration is now budgeting for deficits it says would total more than \$240 billion in fiscal 1983, 1984 and 1985.

But projections by the Congressional Budget Office and the Federal Reserve Bank of New York indicate that those deficits could total more than \$500 billion — a 50 percent increase in the trillion-dollar deficit accumulated over the preceding two centuries. The prospect of these huge deficits is creating anxiety in financial markets.

Ironically, the president and his aides are moving to support a constitutional amendment prohibiting budget deficits. Is this a purely political ploy designed to embarrass the Democrats and divert criticism from the administration, or does the president really mean it?

### He Means It

All the evidence is that he means it. That impression was deepened in Atlanta last week by the statements of such leading Reagan advisers as Norman Ture, undersecretary of the Treasury for fiscal policy; Beryl W. Sprinkel, undersecretary of the Treasury for monetary affairs; Murray L. Weidenbaum, chairman of the Council of Economic Advisers; and Milton Friedman, Mr. Reagan's top outside economic adviser.

These monetarists insisted that they had found true harmony with the supply-siders and agree that deficits can be tolerated as long as the money supply is held to a slow rate of growth to take care of inflation.

Mr. Sprinkel told the conference that "not only are supply-side and monetarist policies compatible, it is essential that they go together."

Cutting taxes, especially with a constitutional amendment prohibiting budget deficits, would force a shrinkage of government; that has now become the core of the Reagan ideology. Even without a constitutional

### NEWS ANALYSIS

amendment, Mr. Reagan's tax cuts have put intense pressure on government outlays, at least in the social area.

In holding to this line, Mr. Reagan appears to be isolating himself from those of his advisers such as David A. Stockman, director of the Office of Management and Budget, who have been pressing to scale down the deficits by agreeing to take back some of the big tax cuts enacted in 1981 or to trim the military budget.

### The Other Side

He absented himself last week from a meeting of his economic policy council, headed by George P. Shultz, president of Bechtel and secretary of the Treasury under President Richard M. Nixon. At that meeting, Mr. Reagan would have heard criticism of his budget policy from advisers such as Paul W. McCracken of the University of Michigan, who headed Mr. Nixon's Council of Economic Advisers.

Until now the majority of professional economists, conservative and liberal, have opposed the balanced budget constitutional amendment on the ground that, in times of recession and high unemployment, an effort to balance the budget by raising taxes or cutting spending would deepen the slump.

Mr. Weidenbaum, who had campaigned inside the administration for measures to cut

the budget deficits, told the Atlanta conference that "the likelihood of large deficits for the next few years has given renewed impetus to the drive to amend the Constitution to require a balanced budget and-or to prevent federal expenditures from taking a rising share of gross national product."

"Frankly, I find it more difficult to argue against the urgency of this approach than I did a year ago when I supported the interest in a constitutional amendment as primarily a form of contingency planning. The federal government's ability to control its fiscal appetite is not especially awesome, and some new tools may well be required."

### Shifting the Blame

For the Republicans, the constitutional amendment could be a way of putting the political onus for huge deficits on the Democrats.

For, if the Democrats listen to their own economist advisers, they would have to oppose it. Gardner Ackley of the University of Michigan, the current president of the American Economic Association, who served as chairman of the CEA under President Lyndon B. Johnson, told the House Budget Committee last week that there could be no doubt that such a prohibition would be "extremely awkward were it now in effect, perhaps compelling actions that would have serious consequences for the economic welfare of the American people, and even for our international position."

Yet Mr. Ackley, like Mr. Weidenbaum, observed that unless something were done to eliminate the current prospect of huge and continuously increasing deficits, "the political pressures for a constitutional prohibition of deficits are likely to become irresistible."

Is Mr. Reagan's grand ideological design now falling into place? Is he turning the huge deficits his policies have produced into the key strategy for achieving the Reagan revolution?

## Financière CSFB Picks Hennessy for Top Post

From Agency Dispatches

LONDON — John M. Hennessy has been elected president and chief executive officer of Financière Credit Suisse-First Boston, an international holding company for a group of international banks and financial services companies.

The company said he will be the first executive to hold the title on a permanent full-time basis because of the increased size and scope of the company now requires it.

Consolidated shareholders' equity and reserves amounted to 251 million Swiss francs (\$104.4 million) at the end of last year. Earnings in 1981 totaled 52.9 million Swiss francs.

Financière is owned by First Boston Corp., the New York investment banking firm; Credit Suisse, a leading Swiss bank; several individuals, and a foundation. Its major unit is Credit Suisse First Boston, a leading investment and merchant banking company based in London, of which Mr. Hennessy will also be chief executive officer.

The title of chief executive officer had been held by Hans-Ulrich Doerig, who returns to Credit Suisse in Zurich as a member of the management board. Mr. Doerig, Hans-Joerg Rudloff and Robert Strebel have been named deputy chairmen of CSFB — joining Jean Claude Tissot who already held that title. Michael von Clemm remains chairman of CSFB.

"One of the main things I'll be concerned with is how to posture ourselves with the integration of world capital markets," Mr. Hennessy said in a telephone interview. "We also think there is a world market now for fee-based investment banking services, like merger and acquisition work and project financing. And we'll try to find related businesses in the financial services industry."

Mr. Hennessy said that investment bankers today must offer their clients financial alternatives in different parts of the world.

### South Africa Sets Business Tax Rise

Reuters

CAPE TOWN — South African Finance Minister Owen Horwood Wednesday announced tax increases of 553 million rand (\$530 million) to make up for the slide in the world gold price, but the measures in the 1982-83 budget proposal did not raise taxes on cigarettes, alcohol or personal income.

The tax rate for non-mining companies was raised from 40 to 42 percent and a surcharge imposed on their tax bill was increased from 5 to 10 percent.

The basic tax rate for mining companies was not changed, but their tax surcharge was increased from 5 to 15 percent. Gold mines pay an average overall tax of 70 percent on their profit.

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## Bonn Backs 5-Year Plan On Energy

Reuters

BONN — The West German Cabinet Wednesday approved a five-year, 12.8 billion Deutsche mark energy research program that raises spending on nuclear projects but also makes more money available for alternative energy research.

More than half the funds for the program, which covers the period until 1985, are for nuclear research, he told a press conference. This includes a fast-breeder reactor being built with Dutch and Belgian help at Kalkar in northern Germany, continuation of the high-temperature reactor program and further work on the recycling and disposal of nuclear waste.

Mr. von Bülow said that 7.2 billion DM would be spent on nuclear research.

About 800 million DM will be spent on research into wind, solar and geothermal energy, and a similar sum on research into more efficient ways of using existing energy resources, he said.

The fastest growing part of the budget was for coal-refining schemes. Increased oil prices have forced industry to look at ways of producing oil and gas from coal.

Mr. von Bülow said research on this would cost 835 million DM in 1985, nine times last year's spending.

### Prices Fall 0.2% In West Germany

Reuters

WIESBADEN, West Germany — The country's wholesale price index fell 0.2 percent in February, sharply down from a 1.8-percent rise in January, the Federal Statistics Office said Wednesday.

At 132.1, the index, base 1976, was 8.4 percent higher than in February, 1981. The index had registered a 10-percent year-on-year gain in January.

The office also reported that the country's import price index rose 0.7 percent in February to stand 4.6 percent higher than a year earlier — its lowest year-on-year rise since February, 1979.

## French Franc, Dollar Gain in Late Rallies

Reuters

LONDON — The dollar and French franc staged rallies toward the end of trading here Wednesday, buoyed by short-covering by U.S. banks after an uptick in Eurodollar rates and French franc Eurodollar rates, dealers said.

The dollar rose from an opening low of 2.3761 Deutsche marks to close at 2.3845 DM, unchanged from Tuesday.

The French franc, which fell to its European Monetary System floor of 2.6205 to the mark at mid-afternoon, recovered in later dealings. It closed at 2.6203 to the dollar, compared with Tuesday's 2.6253 close.

Eurodollar deposit rates, which had earlier fallen up to 3/16 point from Tuesday's close, firmed in late dealings to close little changed for the day, dealers said.

In New York, the franc held its European gains, trading at 2.6205 to the dollar. The dollar was firmer against most currencies, trading at 2.3865 DM.

The belief that the recent drop in the U.S. federal funds rate below 14 percent will not last, especially given predictions for a surge in money supply in April, also helped push Eurodollar rates back up, London dealers said.

Dealer calculations put the Deutsche mark at the top of the EMS, 2.24 percent above the bottom-ranked Belgian franc and 2.19 percent above the French franc.

Dealers said the rise in French franc Eurodollar rates made short French franc positions too expensive to maintain, and prompted operations to cover those positions.

They noted that trading was volatile as speculation about a possible devaluation of the franc continued to exert pressure on the currency.

Dealers said that the market continues to expect a devaluation in coming months, although such a move is not thought to be imminent.

With French franc Eurodollar rates sharply higher, the Belgian franc came under increased pressures because Belgian franc Eurodollar rates remained unchanged, dealers said. The Belgian franc closed at

44.95 to the dollar, compared with Tuesday's 44.93.

The Belgian franc may have weakened in anticipation of Thursday's ministerial meeting between Belgium and Luxembourg, dealers said. Luxembourg is seeking changes in the two countries' monetary union, official sources in Brussels said earlier this week.

Talk of the possibility of re-

newed labor unrest in Belgium over the next few days also weakened the currency, they said.

Despite the currency's decline, the Belgian National Bank was not seen to be particularly active in the foreign exchange market. The franc made a minor recovery late in the session on a medium sized order from the United States, they said.

## Russians Make Swiss Loans Pledging Gold as Collateral

United Press International

ZURICH — The Soviet Union is putting up gold as collateral to obtain hard currency credits from Western banks, Swiss bankers said Wednesday.

The bankers said that 200 to 300 tons of Soviet gold is involved but that the exact amount is unknown.

They described as "totally exaggerated" a rumor on the New York gold market that Moscow has put up as much as 1,000 tons of its gold in collateral for Western credits.

"Even half that amount is very unlikely," said one top Swiss banker specializing in gold transactions.

Credits for the Soviet Union against gold as collateral are being provided both by Swiss banks and the Bank for International Settlements in Basel, the bankers said.

Spokesmen at the BIS, the so-called central bankers' central bank, denied all knowledge of any such arrangement.

They acknowledged, however, that BIS regulations permit the institution to provide credit against collateral to central banks even if they do not — as in the case of Moscow — belong to the BIS.

"Even if the report were true, we would be unable to make any comment because of the confidential nature of BIS business," one spokesman said.

### S. African Output Off

PARIS (Reuters) — South African gold production fell to 722 tons in 1981 from 740 the previous year, South African Minerals Bureau statistics show.

Arthur Dykes of the South African Embassy here, who presented the figures Wednesday, said that production should rise to 737 tons this year. South African gold sales in 1981 were worth 8.6 billion rand (\$8.95 billion) compared with 10.4 billion rand in 1980, he said.

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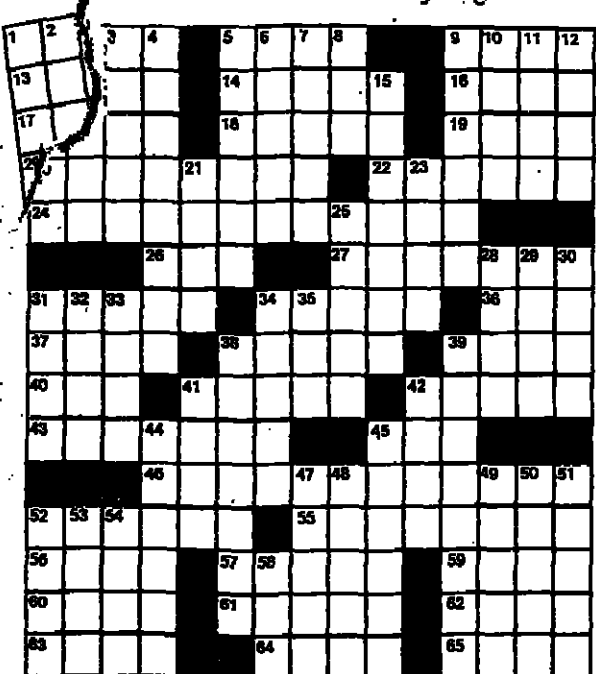
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Edited by Eugene T. Maleska



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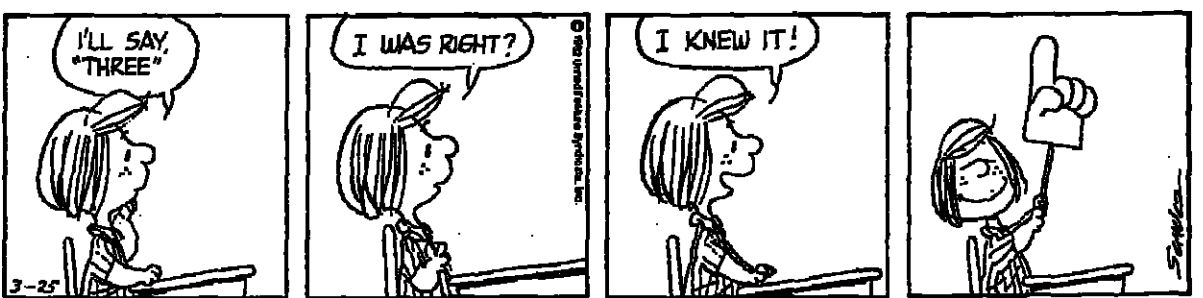
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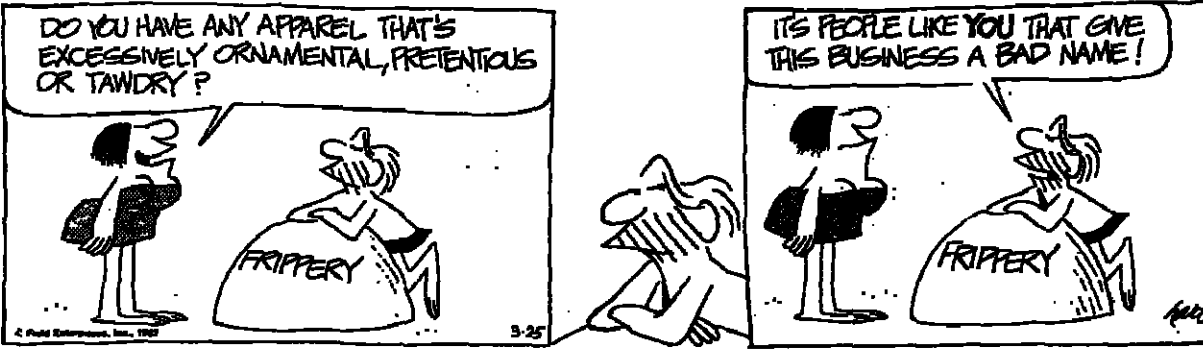
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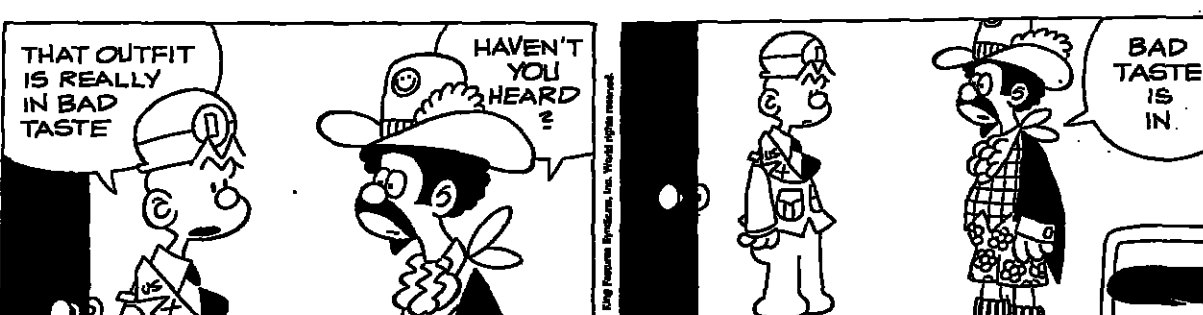
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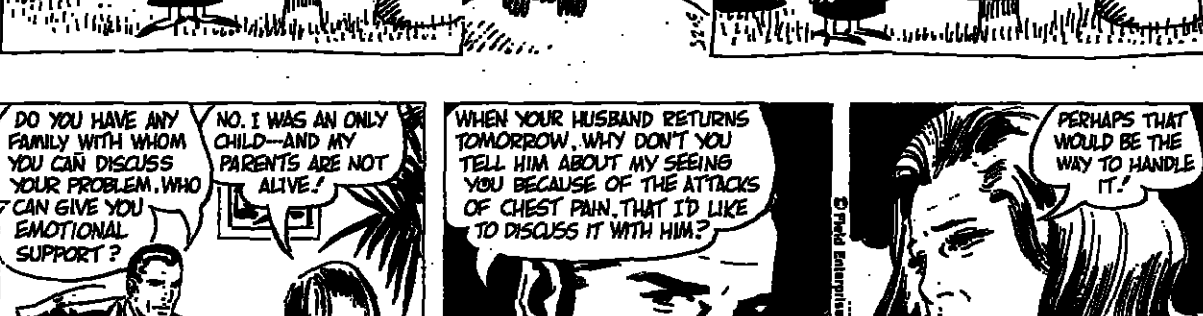
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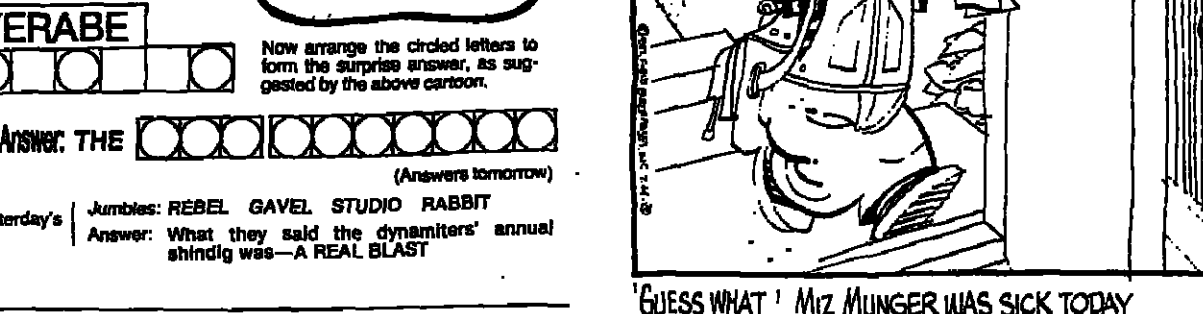
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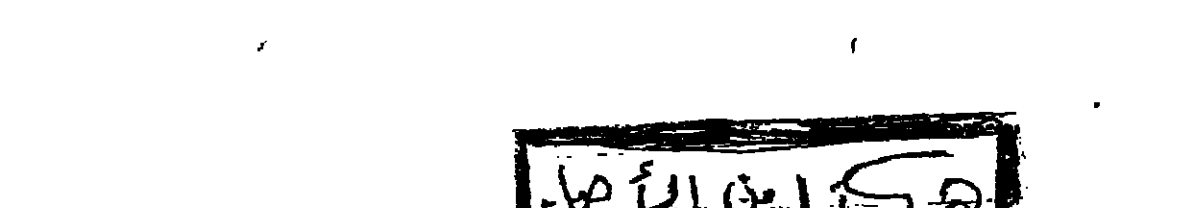
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## BOOKS

H.D.  
The Life and Work of an American Poet  
By Janice S. Robinson. 490 pp. \$17.95.  
Houghton Mifflin, 2 Park St., Boston, Mass. 02107.

Reviewed by Hugh Kenner

NOT a biography, no, "a biographically illuminated study of H.D.'s poetry: a long book spun from the poems plus a few facts. The non-literary facts, with one exception, are well known. The exception is startling. Here's the plot:

1. In a Philadelphia suburb, Hilda Doolittle, 19, of academic and Moravian family, finds herself engaged to Ezra Pound, 20.

2. The off-and-on engagement draws her (1911, age 25) to London, where Pound launches her as the Imagist poet "H.D." but then turns round and marries Dorothy Shakespeare. H.D. (27) marries Richard Aldington (21), an Englishman with literary talents more striking than than now.

3. Her marriage founders; yet in March, 1919, 11 months after the war had shipped Aldington to France, she bears a daughter. Her husband threatens big blue policemen if the child is registered as his, so vague stories are cobbed up. But . . . Enter, a little previously, D.H. Lawrence. And, quite literally, H.D. was Lady Chatterley, Richard Aldington the guileless Sir Clifford, D.H. of course the potent gamekeeper.

5. Exit Lawrence; exit just about everybody. And as once before when menfolk failed her, H.D. takes up with a woman: the actress Winifred Ellerman, known as "Bryher," whose wish was to have been a nun. Together they bring up Perdita, while H.D. writes and rewrites novelizations of the past. The relationship lasts till 1946.

6. In 1933 H.D. commences analysis with Freud himself. ("Bisexual," is his diagnosis.) She finds peace, enjoys in the '40s a second poetic flowering, and dies in 1961, age 75.

Item 4 is the summer. The rest has long been common knowledge, thanks not only to biographers' diligence but to H.D.'s habit of telling and retelling her story with the names changed. Thus 1-2, the Pound Story, was the substance of "End to Torment" (published 1979) and of "HER/mione" (published 1981).

Again and again, too, she told the Lawrence story: in her novel "Bid Me to Live" and in much unpublished fiction; obliquely in her major poem "Helen in Egypt." Lawrence also told several times (three versions of "Lady Chatterley," "The Man Who Died"; more). But until Janice Robinson came along no one has read any of this correctly. Why? Because misdirecting readers and biographers for decades the obsessive enterprise of Richard Aldington. For who would want to be fingered as Lady Chatterley's Lover?

Aldington's strategy was to take firm charge of how we should see D.H. Lawrence. This entitled writing four book-length essays, also discreetly tampering with all the Lawrence poems, essays, letters, novels — 18 volumes — that were published under his supervision ("Most of the volumes of Lawrence's work now in print have been altered by Aldington"). He was also eager "service" to biographers, notable Harry T. Moore, and wrote a Lawrence biography of his own ("Portrait of a Genius, But . . ."). He spread the word that D.H.L. was impotent; he suggested misleading originals for the Chatterleys; as far as he could he expunged his ex-wife from the Lawrence Story completely.

H.D. for her part never divulged Perdita's paternity, even to Perdita, one reason Robinson's book is so long. Whole chapters sift and resift circumstantial evidence, much of it embedded in works of imagination. Let's instead assume, as she couldn't, that the facts are established. What have we? We have an intense and highly original but limited poet, whose chief work is the pseudo-Greek "Imagism" of the time of

disentanglement from Pound (1913-18) and the "Helen in Egypt" sequence (1951-54, published 1961) which by Robinson's reading is the consummate retelling and distancing of her sole theme, the story of her life. If she is Helen, Pound is Menelaus; Aldington is Paris who snatched Helen away; the Fall of Troy is the fate of that marriage; Lawrence is Achilles. Thus her tryst with Lawrence had been in Cornwall beside the sea, and

But what could Paris know of the sea, its beat and long reverberation, its booming and delicate echo.

its ripple that spells a charm on the sand, the rock-lichen, the sea-moss, the sand . . . ?

only Achilles could break his heart and the world for a token, a memory forgotten.

If behind such lines we glimpse Aldington's bank-clerk demeanor and Lawrence's, satyr-like intensity, no harm. But from end to end of her book Robinson encourages us to look upon any book we come on as a challenge to decode. "Each poem," she says, "is a prolonged metaphor, in which actions on the part of deities, nymphs, heroes, or Nature herself are symbolic of the actions and events taking place in the life of H.D.'s circle of poets. Through myth or allegory, H.D. tells the story of her own life."

And not only H.D. Pound, Aldington and H.D., were once in Venice? Then a Venice-passage in an early Pound *Canto* must be "written of H.D.," its "had my rolls for breakfast" a bawdy pun. Nonsense; the lines address Robert Browning's shade. Their girl ("young, too young") alludes to an event in "Sordello" and is anyone but H.D. (less than a year Pound's junior). And their rolls are edible rolls.

"Sometimes," Pound would say, "frags are frags." And (one afternoon in Washington, to a Hindu visitor who had requested a "meaning"): "That goddamn squirrel over there is that goddamn squirrel over there; it does NOT rep-re-sent anything ELSE."

If, as Janice Robinson complains, H.D. has not been overwhelmingly present in other accounts of the period, that is in part because of her limitations. Having acknowledged the stark originality of her 1913 Imagism, one gets put off by a certain difficulty in remembering one poem from another. What we've needed, it now appears, is better knowledge of the underlying events; then we'd know that the hard sand of "Hermes" is a setting for her relation to the tricky Pound, while other sands pertain to the Cornish coast she shared with Lawrence.

Grant that, though, and if you've granted Robinson a tool she needs for reconstructing the life, you've also surrendered much of the poet's status she'd like you to grant H.D., since you've agreed that to read the poems you need to know what they'll say before you start. Unless you are cheerfully complacent about poems as encoded autobiography, that is damaging.

There's no doubt that H.D.'s novels, published and unpublished, are that obsessive high-keyed retellings, names permuted. Judging from quoted samples, I'm content to see the rest left unpublished. The poems, though: it cheapens "Sea Iris" to be told that "she speaks directly about how it feels to be characterized by her fellow poets as 'on the prow' (in a characteristic Imagist wordplay, the 'prow' is contextually related to the 'prowl'."

"On the prow" is not H.D.'s phrase but her exegesis, H.D. said to Sea Iris:

You are painted blue, painted like a fresh prow . . .

And "wordplay" was not a characteristic of Imagism. No, better trust her straight talk at its best:

so you may say, "Greek flower, Greek ecstasy reclaims forever

one who died following haricute song's lost measure."

Hugh Kenner is the author of "The Pound Era" and many other studies of 20th-century English and American literature. He wrote this review for The Washington Post's Book World.

## BRIDGE

By Alan Truscott

ON the diagramed deal, South had to bid his time when East opened with one club, but came to life with a jump to three no-trump when his partner reopened with a double.

The partnership had missed the 5-3 spade fit in which game would have been relatively easy, with the cards lying favorably. South had a considerable problem when a heart was led. He held up the heart ace until the third round, and then faced the problem of developing spades.

If West was able to gain the lead to cash his remaining heart, the contract would fail, for the defenders were sure to take two spade tricks. South felt sure from the bidding that the spade ace was on his right and it was very likely that the queen was with the ace. If West held the jack, it could be neutralized.

At the fourth trick, South led the spade ten from the dummy. If East had played low, he would have played the king and continued the suit, hoping for the best. As it was, East tried to confuse the issue by playing the queen, but South was ready for that play and followed low.

It did not matter what East returned. He shifted to a diamond and South won in dummy and played another spade. East put up the ace and

NORTH(D)  
♠ 109432  
♥ A953  
♦ KJ6  
♣ Q

WEST  
♠ J8  
♥ QJ107  
♦ 10832  
♣ 885

EAST  
♠ AQ7  
♥ K52  
♦ 97  
♣ K10943

South and North were vulnerable. The bidding:

North East South West  
Pass 1♣ Pass Pass  
Dbl. Pass 3NT. Pass  
Pass Pass

West led the heart queen.



## Phil Mahre, With 3d-Place Finish, Ices World Cup Giant Slalom Title

From Agency Dispatches  
SAN SANCARLO, Italy — Phil Mahre of the United States Wednesday added the World Cup giant slalom title to the overall cup honors he had already secured, and denied Ingemar Stenmark of Sweden a fifth successive giant slalom title.

Mahre placed third in the final giant slalom of the 1981-1982 season to finish the winter with 105 points in the discipline.

**Stenmark Fifth**  
Stenmark finished fifth in Wednesday's race, won by Pirmin Zurbriggen of Switzerland, and wound up with 101 giant slalom points.

Mahre, 24, had never won a World Cup title in an individual discipline before, although he has won the overall men's title for the past two seasons.

This year, he also leads in the slalom standings with one event to go.

Last year Mahre was the overall

cup winner and placed third in the giant slalom ratings. But with two titles already under his belt this season, he is well set to take home three World Cups.

Wednesday's race took place in perfect conditions, with sunshine and blue sky, but the 1,260-meter (about 4,150 feet) track was icy and fast.

Zurbriggen, leader after the first leg, held on to win his first cup race ever in a total time of 2:42.37, ahead of Marc Girardelli of Luxembourg, who clocked 2:43.05.

"The course turned a lot in the first heat and was pretty icy around the bottom gates," said Zurbriggen, 19.

"The second run was much straighter and quicker, but I was really relaxed and didn't make a single mistake."

Mahre skied cautiously to finish third in 2:43.15. Hans Enn of Austria took fourth place in 2:44.15, one-hundredth of a second faster than Stenmark, who put in the fastest second run after a disappointing first leg.

To have defeated Mahre, the Swede — who had won the giant slalom title six times in the previous seven seasons — needed to finish in the top three in Wednesday's finale.

Mahre was not satisfied with having finished third in the final giant slalom of the cup season.

"I always want to win," he said, "but I did not ski well on the bottom part of the track in the first run."

His twin brother, Steve, finished 10th in 2:44.68.

The Mahre brothers came here with an impressive record. They had won every race except one since World Cup competition returned to Europe earlier this month.

The only other winner was Bojan Križaj of Yugoslavia — who finished 17th Wednesday.

Mahre said he was not worried going into the race.

"He has no chance in the giant slalom," he said of Stenmark, "because he is not skiing well in that race."

Afterward, he said he noticed Stenmark's disbelief after the first run — in which the Swede was only 11th.

"He could not believe that the skiers ahead of him had been that fast. He did not think that was possible."

Close Race

Phil Mahre has an unbeatable 304 points in the overall men's cup standings and also leads the slalom standings with 115 points. Stenmark, second in the overall standings with 211, is close behind in the slalom at 111, and could make a last ditch effort.

But Stenmark appeared discouraged and gloomy after losing the giant slalom crown Wednesday and may not recapture the concentration needed to win on Friday.

Mahre said he would "take it easy" this summer.

"I'll stop skiing as soon as the finals are over. At least until November, when the house I'm building this summer in White Pass, Wash., will be finished."

The final World Cup races of the season continue Thursday with the women's giant slalom in San Sencario.



Phil Mahre

Two down, one to go.

## Pros of the Women's Tennis Tour Aching for Start of Finale in N.Y.

New York Times Service  
NEW YORK — Some players say the synthetic carpet is too hard and the balls are too soft.

Others cite cold arenas and the continuous 12-week grind and resulting mental stress as reasons for the record number of injuries that have dogged the women's professional tennis tour this season.

"We're going to have to change the winter tour," Jerry Diamond, the executive director of the Women's Tennis Association, said earlier this week as the eight top players on the circuit gathered for the draw for the \$300,000 championships at Madison Square Garden.

"We need to move to some outdoor tournaments in the winter and maybe have a rest week or two."

When a player plays on a carpet laid over a hard surface, the muscle gets two hits for every stop. That's OK for three to four weeks, but over the long haul it has to take its toll.

Three of the sport's top four players — Chris Evert Lloyd, Tracy Austin and Andrea Jaeger —

were sidelined at different times during the winter with lower-body injuries.

Jaeger's stress fracture of the left pelvic bone forced her to withdraw from the championships, which were to begin Wednesday with four first-round singles matches.

Lindsay Beaven, the tour director, said that as many as 13 players had been forced out of action at some point on the winter circuit. They included Sylvia Hanika of West Germany and Mina Jausovec of Yugoslavia, who will meet in one of the opening matches of the double-elimination tournament.

### Wrong Step

Hanika pulled a groin muscle practicing in a "cold indoor hall" in Los Angeles.

"I made a wrong step," she said. Jausovec, who finished third behind Martina Navratilova and Jaeger in four points, said the pressure of nine singles matches in two weeks on the Sportex synthetic carpet had caused her groin strain.

"I wish they would change the

surface, even though I'm playing well on it," she said.

"It sticks, there's no give. If you go the wrong way, it pulls on you." Lee Jackson, the tour referee, also believes that the surface has been a factor in the increased injuries. "Some weeks it's boards over ice," she said, referring to the base under the carpet.

"Playing in those cold arenas, the thumping is unbelievable. For the young players, I don't know how they do it. Andrea's joints are still growing, and I think she's petrified that she's going to have a permanent injury."

According to Diamond, the WTA prefers Sportex to Supreme Court, the rubberized synthetic used primarily on the men's tour, because it is faster.

"The court men use is two slow," he said. "We've tried it, and it's had its share of problems, too."

Beaven, a former player, attributes some problems to stress. "I think these injuries are purely mental," she said.

"I don't think it's the boards or balls. It's very depressing to play 12 weeks, and the pressures are so different. The players go on the court 900 percent tighter. They play at 9 in the morning, 12 at night, on one court, with no sunshine."

"As soon as you get them into sunshine, they change into different creatures. Inside, they get introverted, and it's a very stressful situation."

When you're happy, you don't get hurt."

"More Money"

Anne Smith, who qualified for the event in singles and doubles (with Kathy Jordan), played in eight of the 11 winter tournaments. She escaped serious problems but acknowledged that many players had pushed themselves because "you can make more money in these three months than you can in nine months on the outdoor tour."

Navratilova, unbeaten in 24 singles matches this season, said that for playing indoors she wore sneakers with soles smoother than the traditional ribbed soles used for clay or grass courts.

"What hurts you more than anything is not having any weeks off," said the defending champion, who has earned \$173,700 this year and drew Bettina Bunge in her opening match.

"Players don't want to miss anything, so they play every week when they really need to rest."

Lloyd, a four-time winter champion, played only one circuit event this season. She lost the Oakland, Calif., final to Jaeger, and then had to withdraw from last week's Boston stop with a leg injury and influenza.



Andrea Jaeger

Withdrawn.

## College Basketball Shot Clock May Be Just a Matter of Time

By Mal Florence

Los Angeles Times Service

LOS ANGELES — The control game has taken control of college basketball this season. Although scores are lower, fan enthusiasm is high. But for how long?

Coaches, administrators and those close to the sport are concerned that the game's popularity may wane unless rules are changed. They differ, however, on what should be done.

What has happened is that spread-court offenses — holding the ball and waiting for the good percentage shot, or just holding it — have taken some of the action out of college basketball and have frustrated defenses.

The subject is timely, since more than one of the remaining teams in the NCAA tournament emphasize ball control.

Some coaches say it's time for the colleges to have a shot clock — not necessarily the National Basketball Association's 24-second clock, but something. The idea isn't new. They've been talking about a shot clock for 30 years or longer, but the majority of coaches have rejected it.

Others say a shot clock would hurt college basketball, restructuring it as a secondary game to the pros and inhibiting strategy and tactics. They want to experiment with other measures. But the pro and anti-clock people all agree that something should be done.

John Wooden, the retired UCLA coach, favors a 30-second clock that wouldn't be started until a team crosses the center line.

Jerry Pimm, Utah's coach and a

member of the rules committee, has proposed that courts be redesigned with an arc that would compress the playing area and help defenses combat spread-court offense.

Pete Newell, a former California coach, Los Angeles Lakers general manager and an adviser to college coaches, doesn't believe the shot clock is the answer.

Gene Bartow, a former UCLA coach whose Alabama-Birmingham team made it to the NCAA Midwest final, says some type of shot clock is essential if the game is to retain its popularity.

Wooden doesn't believe teams with deliberate offenses would be at a disadvantage with a 30-second clock activated after the ball crosses the center line.

"I was on the rules committee in the mid-1960s," Wooden said. "We checked Hank Iba's teams at Oklahoma State. They always shot after 30 seconds and they didn't start their offense until they were over the center line. Iba, as you know, was the foremost exponent of the ball-control style of play. That study convinced me that a shot clock of some sort would be real good if it didn't bother Iba's style."

"I don't think you can legislate against a style of play. For example, I don't believe in outlawing zone defenses, although I didn't coach the zone."

Pimm, like Wooden, believes in fast-break basketball, but he opposes the clock.

"The spread offenses make it really difficult to defend the 47-by-50-foot court," he said. "The

shot clock is one way of speeding up the game. But here are the pitfalls: If you go to a shot clock you must eliminate the zone. You'd have to accept responsibility as a coach and a member of the rules committee that you're creating a game much like the professional game."

"But let's face it. The college athletes aren't as skilled as the pros. So we become a secondary game to the NBA. In towns like Salt Lake, Los Angeles and Phoenix, where there are college and pro teams, the fans will see the pros play with great players and the colleges with lesser players."

"If you want to see a run-and-shoot game, the NBA is the place to see it. But if you buy a ticket to a college game, you may see man-to-man and zone defenses, spread-court and fast-break offenses, full-court presses, a stall and small team against big teams. There are many variables in a college game, and that's what makes it exciting."

But Pimm is aware that many coaches are now emulating to some degree, North Carolina's Dean Smith and his four-corner delay. "Success breeds success," he said. "Smith's effect on the game has been the same as [Michigan State Coach] Jud Heathcote's with his 2-3 match-up zone defense."

The Arc

Pimm's alternative to the shot clock is a rear-boundary arc extending 36 feet from the basket and covering both sidelines.

"Once a team has penetrated the arc, it can't go back out of it or it would be out of bounds — a turnover," he said. "What we're doing is squashing the court down and eliminating the corners and a little bit of the midcourt area. The defense doesn't have to spread out as far and won't get burned as much on backdoor lay-ups. You wouldn't have stalling tactics because you've got 10 people in the

same area. It gives defenses a better chance to defend against the spread-court game."

Pimm said his arc concept will be submitted to the rules committee when it meets in New Orleans at the end of the month.

"I think the clock is the last resort," Newell said. "We've solved our other problems with a time element. The 10-second line was established in the '30s [teams must cross the center line within 10 seconds]. Then... when big men came into the game and camped under the basket, the three-second rule came into effect. And the foul rule has been widened over the years."

"The distance of the arc is the important thing, and I'd like to see some experiments before I'd say it should be 26 feet or 36 feet."

NBA: 'Scared to Death'

Newell believes a shot clock would deprive college coaches with only average personnel a chance for an upset with strategy and tactics.

"However, you don't change the entire game to take care of an instance or two," he said. "It's like cutting off your arm because you have a hangnail."

Newell says it's incongruous that some coaches want a shot clock but don't want to outlaw zone defenses. "The NBA is scared to death of the zone. They won't even consider putting it in," he said.

"They say they can't get a shot off in 24 seconds. Now if they take that strongly that the zone is such a deterrent against the clock, how can the college coaches say the clock is the answer when they're probably not going to outlaw the zone?"

Bartow says his conference, the

### Transactions

BASEBALL

BOSTON — Signed Dave Duffell, infielder, Roy Torres, outfielder, and Larry Edwards, left pitcher, to the Red Sox. Signed Steve Carlton, right pitcher, to the Philadelphia Phillies. Signed Steve Carlton, right pitcher, to the Philadelphia Phillies.

NEW YORK — Signed Dave Duffell, infielder, Roy Torres, outfielder, and Larry Edwards, left pitcher, to the Yankees. Signed Steve Carlton, right pitcher, to the Philadelphia Phillies.

ATLANTA — Signed Ed Miller, outfielder, to the Braves. Signed Steve Carlton, right pitcher, to the Philadelphia Phillies.

ST. LOUIS — Signed John Fuld, left pitcher, to the Cardinals. Signed Steve Carlton, right pitcher, to the Philadelphia Phillies.

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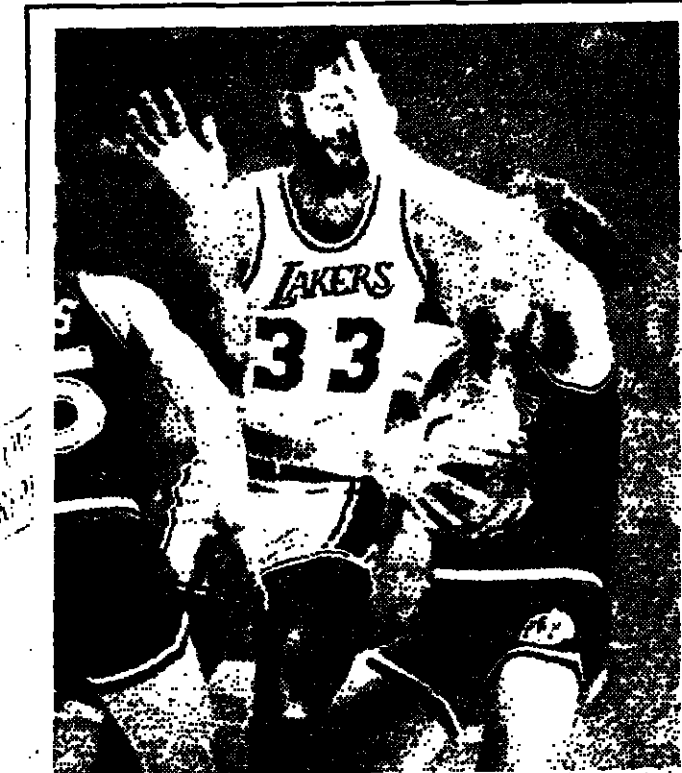
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United Press International

SEE HERE — Los Angeles center Kareem Abdul-Jabbar regularly wears protective goggles, but their efficacy was never so transparently clear as Tuesday night in this home-court encounter with Dallas center Kurt Nimphus. Abdul-Jabbar scored a game-high 32 points, but rookie Mark Aguirre hit a 24-foot three-pointer from the corner with seven seconds left to give the Mavericks a 118-116 victory, their first in the franchise's 10 meetings with the Lakers.

### NBA Standings

EASTERN CONFERENCE				PACIFIC DIVISION			
Team	W	L	Pct.	Team	W	L	Pct.
Atlanta	23	26	.468	Los Angeles	47	22	.682
Boston	23	26	.468	Golden State	44	23	.657
Brooklyn	23	26	.468	Phoenix	37	31	.544
Charlotte	23	26	.468	Portland	36	32	.529
Chicago	23	26	.468	San Diego	36	32	.529
Cleveland	23	26	.468				
Dallas	23	26	.468				
Denver	23	26	.468				
Detroit	23	26	.468				
Indiana	23	26	.468				
Los Angeles	23	26	.468				
Memphis	23	26	.468				
Minnesota	23	26	.468				
Milwaukee	23	26	.468				
New York	23	26	.468				
Oakland	23	26	.468				
Philadelphia	23	26	.468				
Pittsburgh	23	26	.468				
Portland	23	26	.468				
Sacramento	23	26	.468				
San Antonio	23	26	.468				
Seattle	23	26	.468				
Utah	23	26	.468				
Washington	23	26	.468				
Wichita	23	26	.468				

### NHL Standings

Wales Conference

Pacific Division

Team W L Pct

Team W L Pct

Team W L Pct

Team W L Pct

Team W L Pct

Team W L Pct

Team W L Pct

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